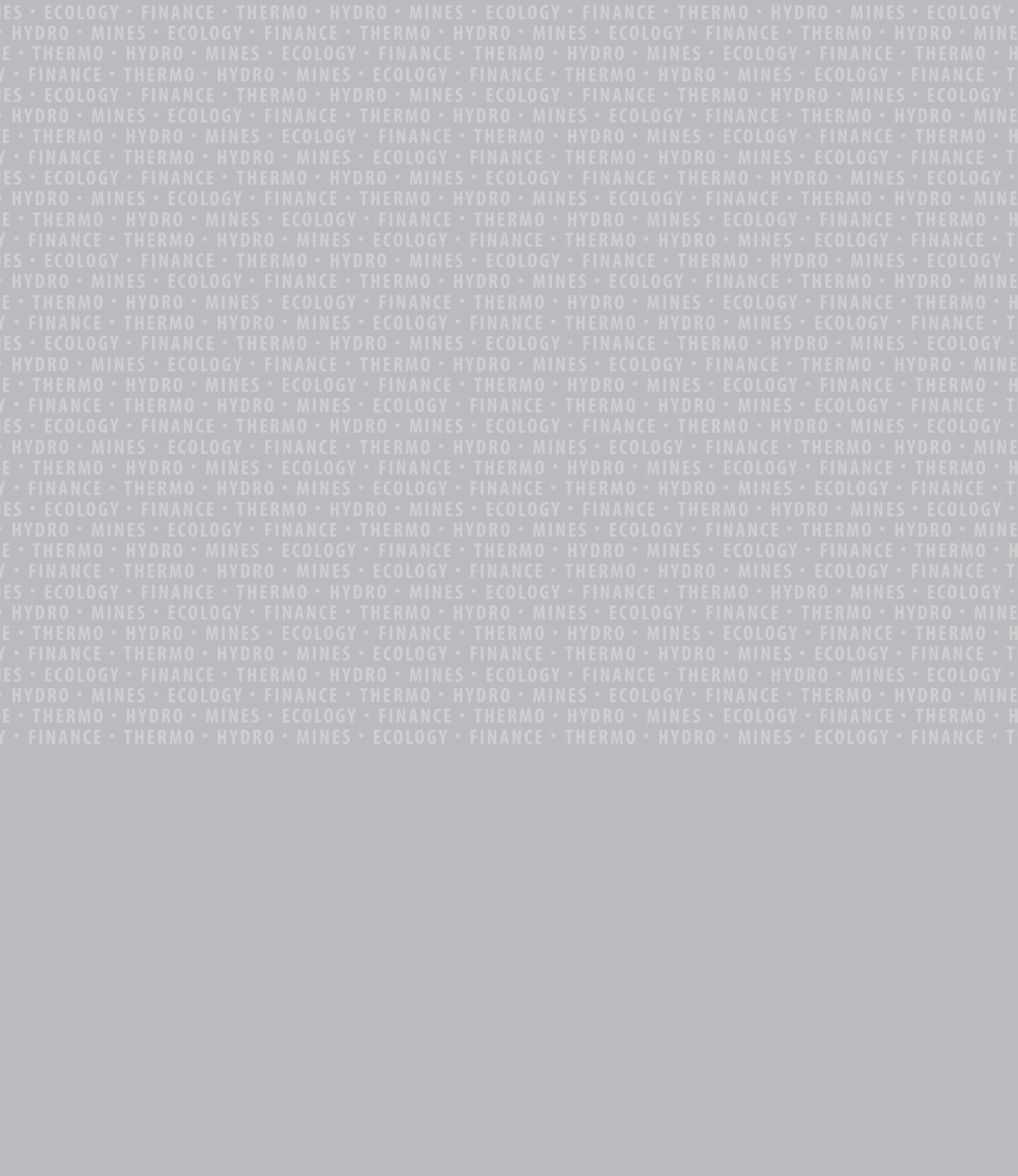
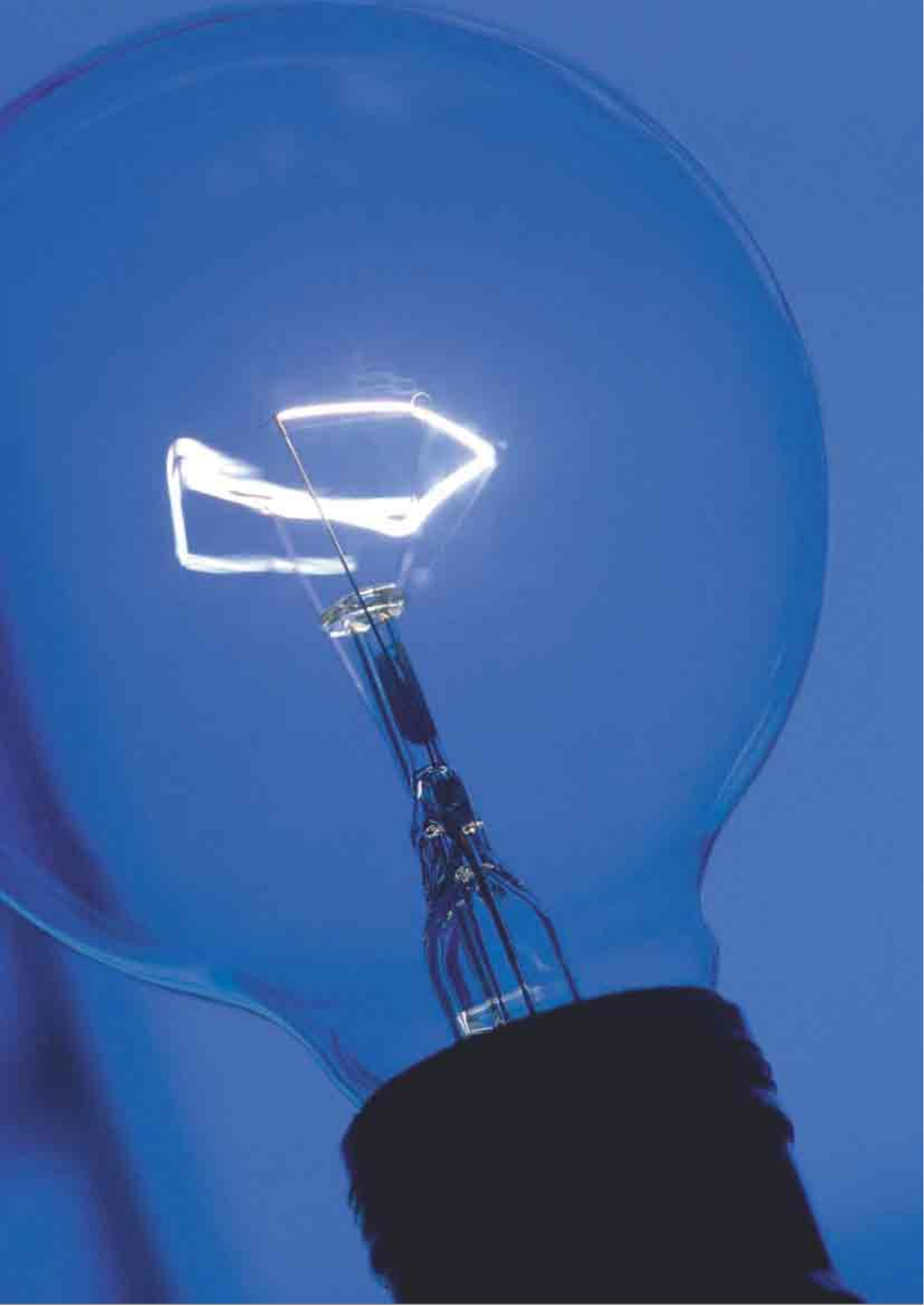


ANNUAL REPORT
2007

Contents



Results

Financial results 2007		
	den	EUR
Total income	10,138,303,101.00	164,850,456.93
Total expense	10,041,291,048.00	163,273,025.17
Profit before income taxes	97,012,053.00	1,577,431.76
Taxes and contributions	70,859,272.00	1,152,183.28
Net Profit for the year after taxes	26,152,781.00	425,248.47

Production results 2007		
	Installed power	Realized production
	MW	GWh
Thermal Plants	**800**	**4602.7**
REK Bitola	675	4166.5
REK Oslomej	125	436.2
Hydro Plants	**528**	**910.6**
HP Mavrovo	206	425.5
HP Globocica	42	132.6
HP Spilje	84	196.0
HP Kozjak	80	81.7
HP Tikves	116	74.8
Total	**1328**	**5513.3**

Message from the General Manager

Dear,

JSC Macedonian Power Plants (ELEM) represents pillar of the energy system of Republic of Macedonia. Stable, contemporary and economically prosperous country could not be imagined without contemporary energy system.

The previous 2007 was another successful year for ELEM, year of successful achievements but also a year full of challenges for different segments of the company. The success in 2007 is result of the mutual laborious work of our devoted and professional team, all employees and business partners and our constant contributions for improvement of the company's quality and performances.

We accomplished two major projects for JSC ELEM. Commissioning of the surface mine Brod –Gneotino which will provide stable future, development perspectives and continuous work of the thermal plant Bitola in the following 25 to 30 years; and dislocation of the river Temnica wherewith the lifetime for coal exploitation is extended in the following decade for the necessities of the thermal plant Oslomej.

On 27th of May this year We promoted the new corporate logo from the celebration of the 50th anniversary of the construction of the first hydro plant Vrutok. The new corporate identity of ELEM, through change of the design and the color of our corporate logo

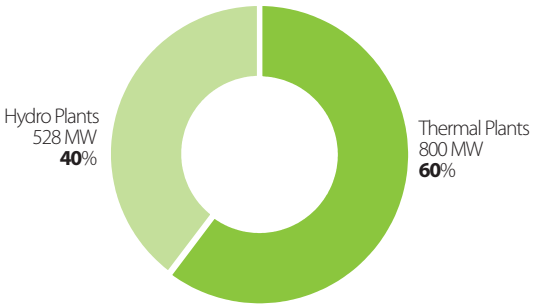
stresses the importance of our way towards future – to be recognized as Macedonian national energy brand. The Government of Republic of Macedonia and ELEM's Board of Directors have clear and firm direction – continual development and modernization of the company and investment in new production capacities respectively construction of economically prosperous and long term sustainable state company which could respond on long term basis to the challenges and to enable safe and economically most acceptable electricity production from home resources.

In 2007 ELEM worked steadily and according to the necessities of the energy power system of the country and technical – technological possibilities of the buildings. I hope that this successful year will be motive for higher production results of all employees of JSC ELEM even in the following year.

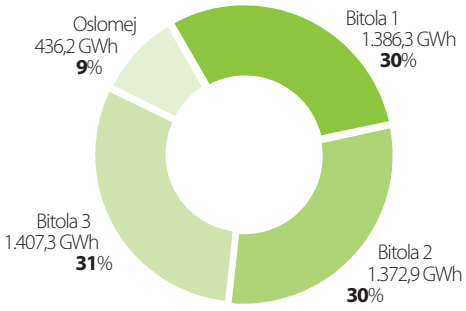
Vlatko Cingoski, Ph. D. E. E.
General Manager and President of Management Board

ELEM's structure

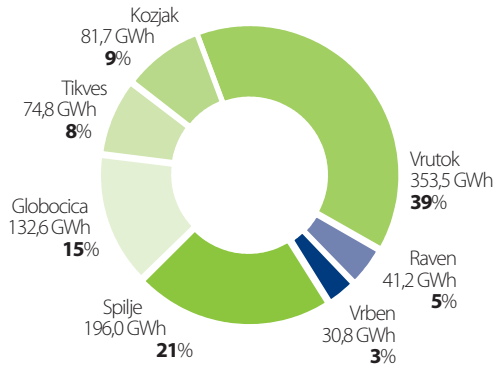
ELEM's STRUCTURE		
INSTALLED POWER	**MW**	**%**
Thermal Plants	800	60
Hydro Plants	528	40
TOTAL	**1,328**	**100**
NUMBER OF EMPLOYEES 31.12.2007	3910	



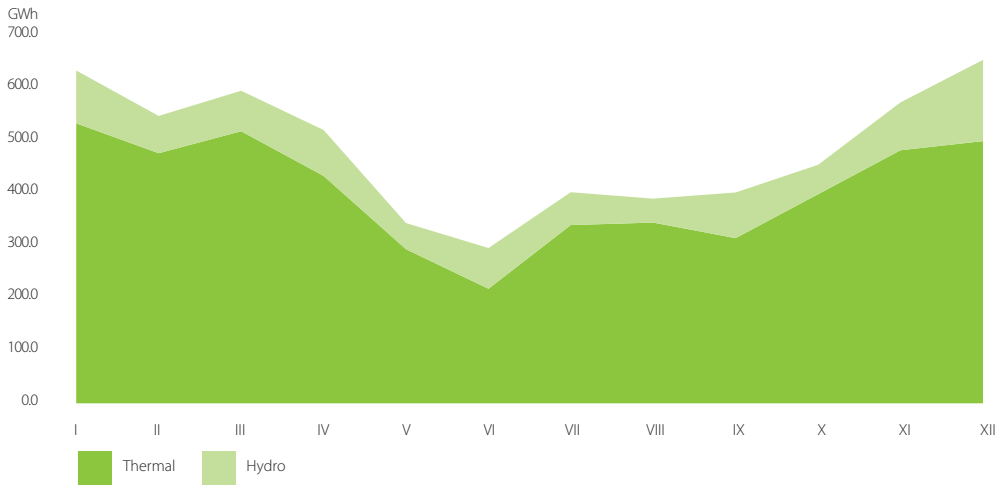
THERMAL PLANT	Installed power MW	Net production GWh	Year of commissioning	Working hours h	Basic fuel	Fuel energy value kJ/kg
Bitola 1	225	1,386.3	1982	7357:00:00	Coal	8,075
Bitola 2	225	1,372.9	1984	7379:00:00	Coal	8,075
Bitola 3	225	1,407.3	1988	7572:00:00	Coal	8,075
Oslomej	125	436.2	1980	4793:52:00	Coal	6,623
TOTAL	**800**	**4,602.7**				



HYDRO PLANTS	Number of aggregates	Installed power MW	Net production GWh	Year of commissioning	Type of plant	Reservoir capacity ($10^6 m^3$)
Vrutok	4	172	353.5	1957/1973	Reservoir	277/357
Raven	3	21.6	41.2	1959/1973	Run of river	/
Vrben	2	12.8	30.8	1959	Run of river	/
Spilje	3	84	196.0	1969	Reservoir	223/520
Globocica	2	42	132.6	1965	Reservoir	13,2/58,4
Tikves	4	116	74.8	1968/1981	Reservoir	309,6/475
Kozjak	2	80	81.7	2004	Reservoir	260/550
TOTAL	**20**	**528.4**	**910.5**			

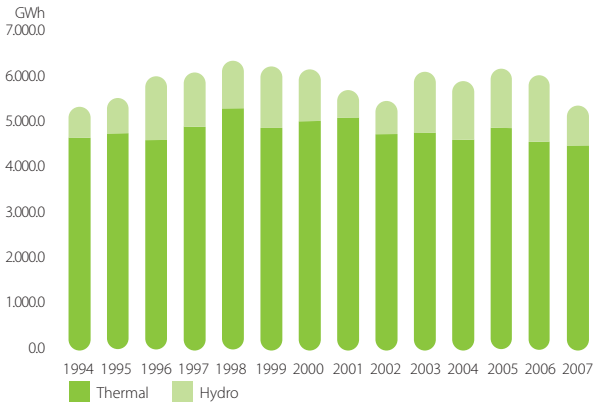


MONTHLY AVAILABLE ENERGY													GWh
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
Thermal	505.8	452.1	491.8	410.7	278.5	207.2	322.2	326.6	298.6	377.9	457.5	473.7	4,602.7
Hydro	95.7	67.3	73.1	83.3	46.9	73.3	59.0	43.4	82.4	53.1	86.1	147.0	910.5
TOTAL	**601.5**	**519.3**	**564.9**	**494.0**	**325.5**	**280.5**	**381.2**	**370.0**	**381.0**	**431.0**	**543.6**	**620.6**	**5,513.3**



ANNUALY AVAILABLE ENERGY															GWh
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2005	2006	2007
Thermal	4,791.7	4,885.4	4,731.6	5,035.0	5,445.3	5,008.4	5,159.0	5,241.4	4,863.3	4,902.5	4,735.0	5,007.8	5,007.8	4,691.0	4,602.7
Hydro	695.8	797.1	1,442.1	1,222.0	1,077.5	1,384.6	1,170.0	621.5	755.4	1,370.1	1,328.3	1,334.7	1,334.7	1,504.9	910.5
TOTAL	**5,487.5**	**5,682.5**	**6,173.7**	**6,257.0**	**6,522.8**	**6,393.0**	**6,329.0**	**5,862.9**	**5,618.7**	**6,272.6**	**6,063.3**	**6,342.5**	**6,342.5**	**6,195.9**	**5,513.3**

	2006	2007	'07/06	'06	'07
	GWh	GWh	GWh	%	%
Thermal	4,691.0	4,602.7	-1.9	75.7	83.5
Hydro	1,504.9	910.5	-39.5	24.3	16.5
TOTAL	**6,195.9**	**5,513.3**	**-11.0**	**100.0**	**100.0**



Management Board, Board of Directors

Vlatko Cingoski
(General Manager and President of Management Board)

Abdulhadi Iljazi
(Deputy General Manager)

Dimitar Tanurkov
(Manager for Electricity Generation)

Jasna Ivanova - Davidovic
(Manager for Development and Investments)

Slavica Besova
(Manager of Finance)

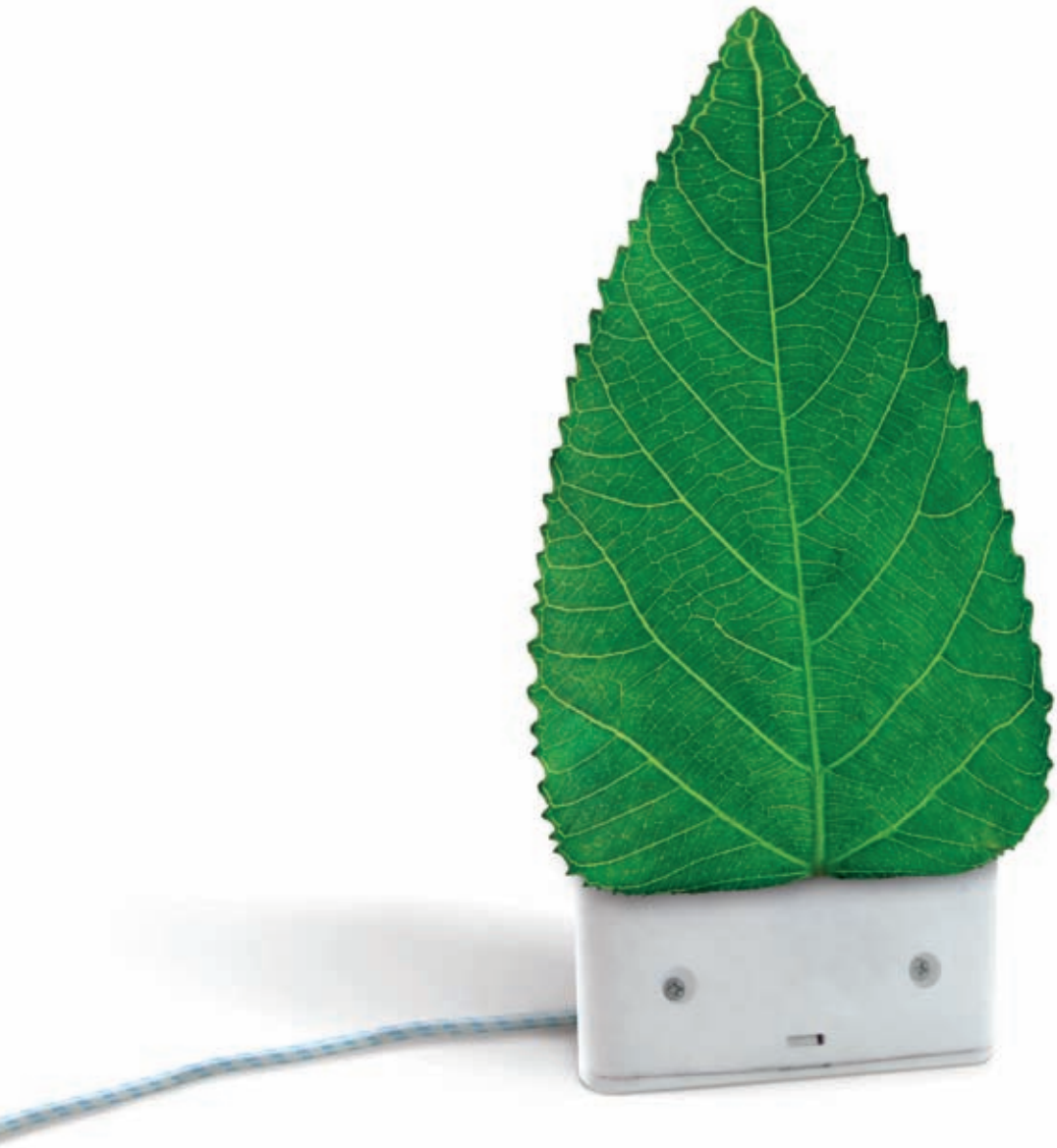
Kosta Papasterevski
(Commercial Manager)

Vladimir Ognjanovski
(Manager for personnel and legal affairs)

Supervisory Board

President of the Supervisory Board
Dionis Manov

Members
Zoran Vasilevski
Vidan Kulevski
Spiro Mavrovski
Marjan Milosevski
Marjan Nikolov
Krenar Osmani



NATURE TRANSFORMED INTO ENERGY

ELEM
MACEDONIAN POWER PLANTS

Signficant Events

Golden jubilee for HP "Vrutok" and JSC ELEM

In 2007 We marked three large and very significant jubilees devoted to the beginnings of our Company: 60 years from the beginning of construction of the grand and complex hydro energy system "Mavrovo", 55 years from the foundation of the company for electricity generation Mavrovo and half century from the commissioning of the first aggregate in HP "Vrutok" when from that grand system the first kilowatt – hours of electricity started to flow. In extremely complex conditions superhuman efforts were put in for realization of these projects.

From the beginning of the exploitation, exactly half century ago, the hydro plant Vrutok together with the hydro plants Vrben and Raven produced totally approximately 18,5 milliard kilowatt hours of electricity. Half century later, JSC ELEM proudly stepped in new phase of its development as modern and contemporary company.

Today, JSC ELEM is the biggest national producer of electricity. With great devotion of all relative subjects, the Company accomplishes the vision for creation of prosperous and modern energy – commercial entity.

New corporate image

We promoted new phase in the corporate identity. The new visual identity as brand logo of JSC ELEM symbolizes the new courses and determinations. It symbolizes modernity, connection, originality and individuality. Through the philosophy of the circle as sophisticated form, the logo is connected with the cycle of the nature and energy. It denotes the power of movement and creation. The selected colors with their universal meaning and value symbolize the elements of the nature: water, wind, earth, sun. **Red** color represents the earth, direct association for thermal energy. **Light blue** color represents water respectively hydro energy. **Yellow** color is symbol of the transition from one type of energy into another. **Light green** color signifies the renewable, ecologically –clean energy sources. **Dark blue** color represents ELEM as economical subject.

Finished projects

Mine BROD – GNEOTINO started to work

With excavation of the first quantities of waste and putting into function of the rotor excavator SRS 2000, as part of the first BTO system of the mine at 4th November 2007 started to work the new surface coal mine Brod – Gneotino included in REK Bitola. This coalmine disposes with 32 million tons of coal available for exploitation, and it will extend the lifetime of REK Bitola until 2025.

The investment worthy 95 million Euros will provide stable future, development perspectives and constant work of the thermal plants Bitola in the following 20 – 25 years and at the same time our greatest energy capacity with total installed power of 675 MW and participation over 75% from the total electricity production in the country.

The first coal quantities of this coalmine are expected at the end of 2008 and annually 2 millions tons of coal are delivered or around one third of the annual necessities of the thermal plants "Bitola".

Dislocation of the river bed of river TEMNICA

One of the larger investment grips and superior priority of JSC ELEM in 2007 was dislocation of river Temnica which river bed went through the middle of mine Oslomej – West and represented physical obstacle for further excavation of coal and waste on this deposit.

With maximal and day and night engagement of the employees in REK Oslomej, the management of the Complex and the management team of JSC ELEM, as well as the contractor of the works GP "Granit" – Skopje, river Temnica was dislocated for record six months, in the period from 01st July until 01st December 2007.

The investment worthy 7.000.000 Euros contributed for the new river bed of Temnica to represent grand civil building which has released 8.000.000 tons of coal for exploitation from the mine Oslomej – West where the lifetime of REK Oslomej is extended for the following 10 years.

Opening of the working trench in "STAR RUDNIK"

With the opening of the locality "Star Rudnik" which is part of the former mine Oslomej – East, in the second half of 2007 in REK Oslomej was realized another big investment. The coal disposes with 1.300.000 tones of exploited coal reserves and these quantities will be excavated with discontinuous mechanization.

This investment where 1.300.000 euros are invested will provide in the following 5-6 years usage of additional 200.000 tons coal annually which together with 800.000 tons coal annually from the mine Oslomej – West will be enough for normal annual production of the planned electricity quantities from REK Oslomej. Exactly this project will considerably help for TP Oslomej to satisfy the coal necessities in the electricity production process for the following ten years.

Repair of the entrance screen in HPP "SPILJE"

Condition statement of the entrance screen in HPP "Spilje" executed by specialized diving team shows that the same is in bad condition.

Determination of this kind of pre-emergency condition meant necessity for intervention sanation and with Decree from the Management Board of JSC ELEM a complete sanation of this exceptionally important segment from the power plant is made.

Overhaul of the screen was made by the Bulgarian company "Cernomorski vodolazen centar" from Varna. The lower half of the screen is replaced and also the lower support girder.

Assembly activities for this exceptionally hard operation worthy 220.000 euros is going on under water at depth of 25 meters. With this successful grip , JSC ELEM strengths the safety and security of the plant and provides constant functioning of that capacity.

Individual Production Results

THERMAL ENERGY

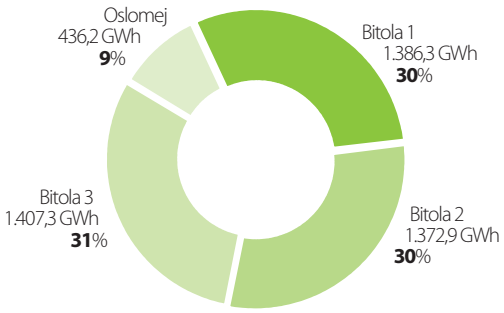
HEAT DECANTED INTO CREATION

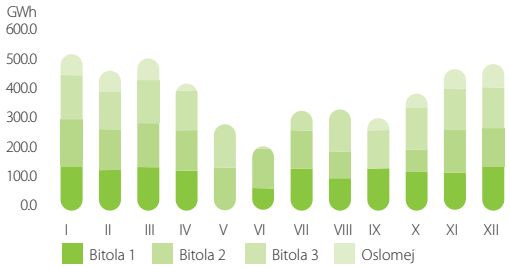
Thermal plants are preferential in our energy power system. The biggest thermal capacity is Bitola with its three units Bitola 1, 2 and 3 each of 225 KW. They cover 80% from the electricity production in our country. The coal with average caloricity of 8.079 kJ/kg is the basic fuel in REK Bitola. In the composition of the thermal system in Macedonia REK Oslomej is included with installed capacity of the unit of 125 MW and annual net production of 400 GWh. The coal with average caloricity of 7.600 kJ/kg is basic fuel of REK Oslomej also.

The complex REK Bitola is one of the most successful in its activity and not only in Macedonia but in Europe also. REK Bitola is main imperative and crucial factor for stable, economically acceptable and long term supplying of Macedonia with the necessary quantities of electricity.

MONTHLY PRODUCTION – THERMAL PLANTS **GWh**

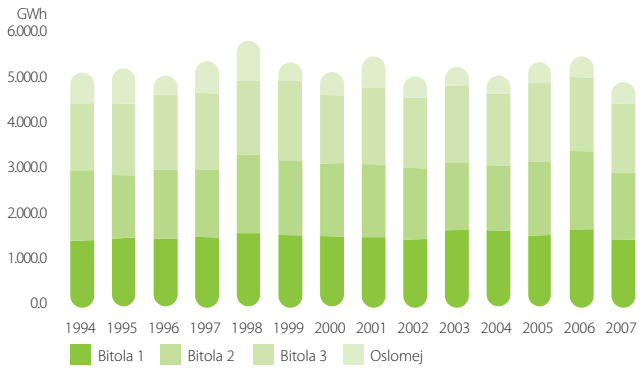
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
Bitola 1	145.1	130.9	140.9	127.8	0.1	73.0	135.7	105.6	135.3	126.0	123.1	142.8	1,386.3
Bitola 2	148.9	133.0	141.8	132.8	139.3	130.0	125.2	86.9	0.0	71.5	138.5	125.0	1,372.9
Bitola 3	144.3	122.4	139.1	129.6	139.3	4.6	61.6	134.6	125.6	137.6	136.0	132.7	1,407.3
Oslomej	67.5	65.8	70.0	20.5	-0.1	-0.4	-0.2	-0.5	37.7	42.8	60.0	73.2	436.2
TOTAL	**505.8**	**452.1**	**491.8**	**410.7**	**278.5**	**207.2**	**322.2**	**326.6**	**298.6**	**377.9**	**457.5**	**473.7**	**4,602.7**





PRODUCTION PER YEAR – THERMAL PLANTS														GWh
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Bitola 1	1,375.4	1,434.2	1,406.6	1,451.7	1,537.9	1,483.1	1,463.7	1,452.5	1,389.4	1,590.3	1,585.3	1,478.0	1,599.3	1,386.3
Bitola 2	1,431.5	1,284.7	1,399.3	1,369.1	1,586.1	1,519.3	1,489.3	1,487.5	1,472.9	1,383.6	1,313.4	1,524.6	1,607.0	1,372.9
Bitola 3	1,350.5	1,451.3	1,542.4	1,572.1	1,527.6	1,624.6	1,389.1	1,545.8	1,435.4	1,566.7	1,463.5	1,600.9	1,513.7	1,407.3
Oslomej	637.2	709.2	386.6	635.9	793.7	376.9	463.7	638.6	416.8	365.9	372.8	404.3	404.6	436.2
TOTAL	**4,794.6**	**4,879.4**	**4,734.9**	**5,028.8**	**5,445.3**	**5,003.9**	**4,805.8**	**5,124.4**	**4,714.5**	**4,906.5**	**4,735.0**	**5,007.8**	**5,124.6**	**4,602.7**

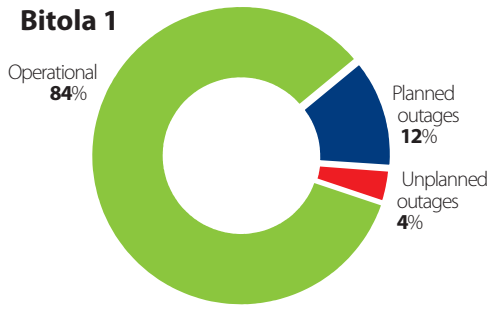
THERMAL PLANTS	2006	2007	'07/'06	'06	'07
	GWh	GWh	GWh	%	%
Bitola 1	1,599.3	1,386.3	-13.3	31.2	30.1
Bitola 2	1,607.0	1,372.9	-14.6	31.4	29.8
Bitola 3	1,513.7	1,407.3	-7.0	29.5	30.6
Oslomej	404.6	436.2	7.8	7.9	9.5
TOTAL	**5,124.6**	**4,602.7**	**-10.2**	**100.0**	**100.0**

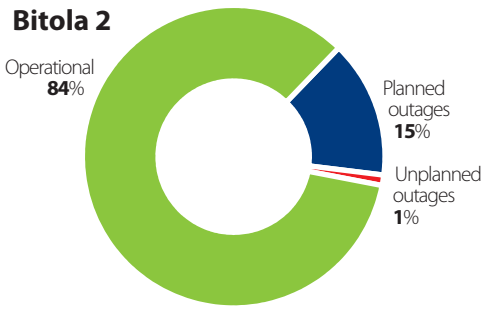


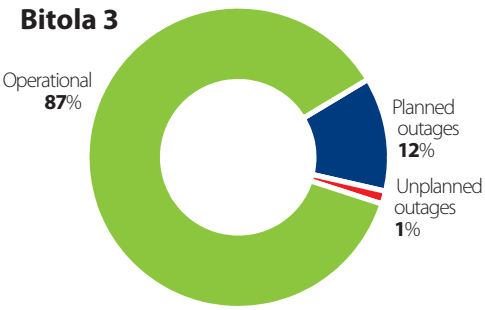
OUTAGES								h
Thermal Plants	**Bitola 1**		**Bitola 2**		**Bitola 3**		**Oslomej**	
	P	**U**	**P**	**U**	**P**	**U**	**P**	**U**
January	0:00:00	0:00:00	0:00:00	0:00:00	0:00:00	6:46:00	0:00:00	0:00:00
February	0:00:00	0:00:00	0:00:00	0:00:00	0:00:00	26:02:00	0:00:00	0:00:00
March	0:00:00	0:00:00	0:00:00	0:00:00	0:00:00	0:00:00	0:00:00	0:00:00
April	0:00:00	7:09:00	0:00:00	0:00:00	0:00:00	0:00:00	478:50:00	0:00:00
May	742:57:00	0:00:00	0:00:00	0:00:00	0:00:00	0:00:00	744:00:00	0:00:00
June	318:45:00	0:00:00	0:00:00	0:00:00	695:03:00	0:00:00	720:00:00	0:00:00
July	0:00:00	13:47:00	0:00:00	7:57:00	373:27:00	20:00:00	744:00:00	0:00:00
August	0:00:00	139:45:00	215:15:00	0:00:00	0:00:00	0:00:00	744:00:00	0:00:00
September	0:00:00	37:00:00	720:00:00	0:00:00	0:00:00	67:26:00	206:12:00	40:39:00
October	0:00:00	69:32:00	363:24:00	0:00:00	0:00:00	0:00:00	0:00:00	231:35:00
November	0:00:00	73:26:00	0:00:00	0:00:00	0:00:00	0:00:00	0:00:00	56:52:00
December	0:00:00	0:00:00	0:00:00	74:22:00	0:00:00	0:00:00	0:00:00	0:00:00
TOTAL	**1061:42:00**	**340:39:00**	**1298:39:00**	**82:19:00**	**1068:30:00**	**120:14:00**	**3637:02:00**	**329:06:00**
		1402:21:00		**1380:58:00**		**1188:44:00**		**3966:08:00**

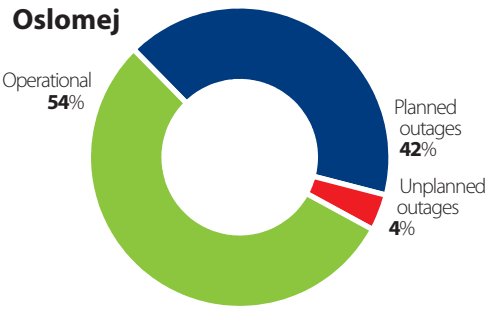
P * Planned outages

U * Unplanned outages









MINES

ENDLESS DECANTED INTO LIFE

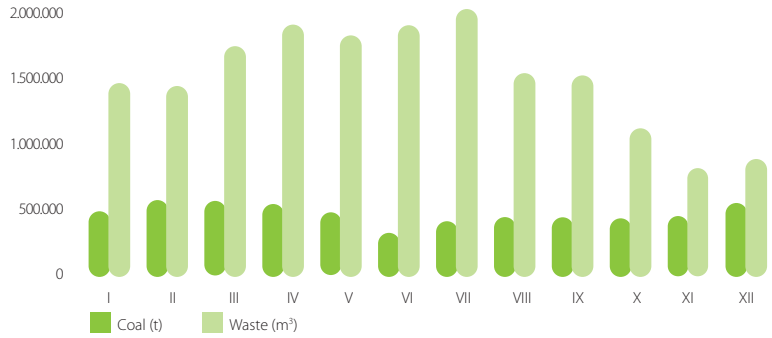
The commercial development of every country is in constant and direct connection with the individual energy potential. The basic fuel in the energy power system in Republic of Macedonia for electricity production in the thermal plants is low caloric coal – lignite. The biggest part of the entire electricity production in Macedonia is obtained from the thermal plants Bitola and Oslomej from the produced coal of the mines Suvodol and Oslomej. Every year we excavate around 7.000.000 tons of coal from these capacities.

The function of the coal in the electricity production in the world occupies dominant place and it has tendency to constant increasing. The following twenty years from coal will be produced doubly more electricity comparing today. The coal and gas participate with more than 50% in the electricity production in the countries of European Union. Strategically, it could be noted that the future of the energetics in Macedonia is in the already established and potential coal reserves. For their usage it is necessary providing of real quality – quantitative parameters, defining of the technical – technological possibilities for their priority of exploitation, necessary investment holdings with economic valorization and decreasing of the production influences over the environment.

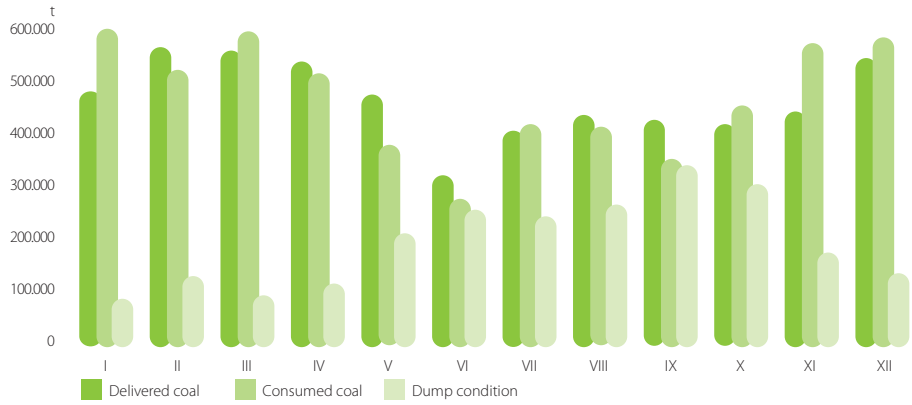
The country energy development could be planned only by established exploitation reserves.

In that direction, arose the determination of JSC ELEM for undertaking appropriate activities for complete exploration and defining of the coal which is found in the potential basins in Republic of Macedonia.

EXCAVATION OF COAL AND WASTE – MINE SUVODOL													
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL
Coal (t)	496,581	581,776	575,125	552,043	488,703	332,580	421,201	453,376	451,140	443,629	460,597	558,971	**5,815,722**
Waste (m³)	1,467,777	1,446,092	1,748,971	1,911,989	1,830,325	1,906,468	2,030,156	1,544,190	1,526,887	1,126,466	823,703	893,013	**18,256,037**

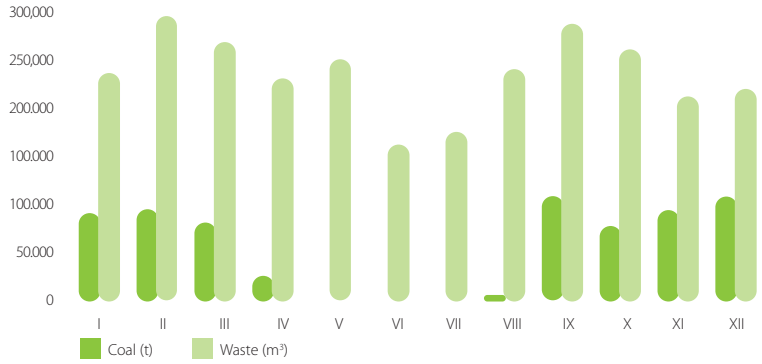


COAL CONSUMPTION– MINE SUVODOL													t
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL
Delivered coal	494,315	579,510	572,842	552,043	487,932	331,842	417,980	448,733	439,300	430,692	455,260	558,430	**5,768,879**
Consumed coal	614,790	535,611	610,191	528,923	390,961	286,166	430,875	425,872	363,475	467,070	587,344	598,515	**5,839,793**
Dump Condition	93,264	137,163	99,814	122,934	219,905	265,581	252,686	275,547	351,372	314,994	182,910	142,825	



EXCAVATION OF COAL AND WASTE – MINE OSLOMEJ

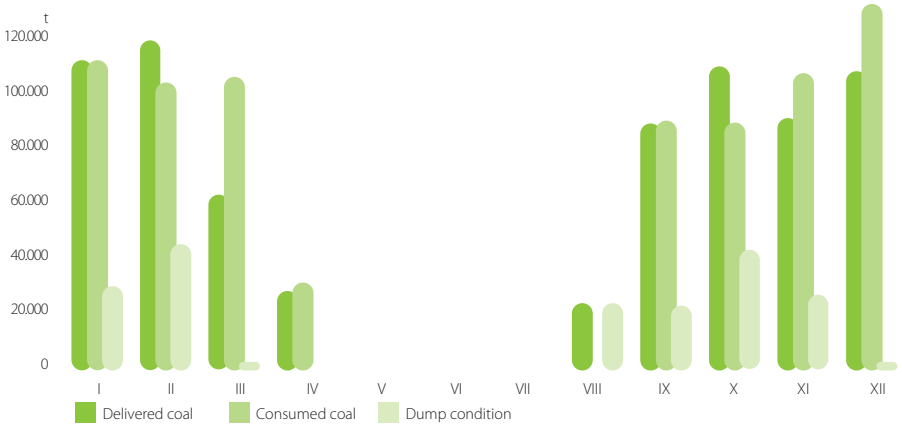
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL
Coal (t)	92,535	96,587	82,679	26,893	0	0	0	6,739	110,445	79,055	95,661	109,914	**700,508**
Waste (m³)	239,304	299,175	271,923	233,715	253,718	164,351	177,720	243,444	290,890	264,174	214,799	222,688	**2,875,901**



COAL CONSUMPTION– MINE OSLOMEJ

t

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL
Delivered coal	110,466	117,559	62,565	28,255	0	0	0	24,000	87,927	108,265	89,882	106,565	**735,484**
Consumed coal	110,466	102,559	104,565	31,255	0	0	0	0	88,927	88,265	105,882	130,565	**762,484**
Dump Condition	30,000	45,000	3,000	0	0	0	0	24,000	23,000	43,000	27,000	3,000	



HYDRO ENERGY

POWER DECANTED INTO MOVEMENT

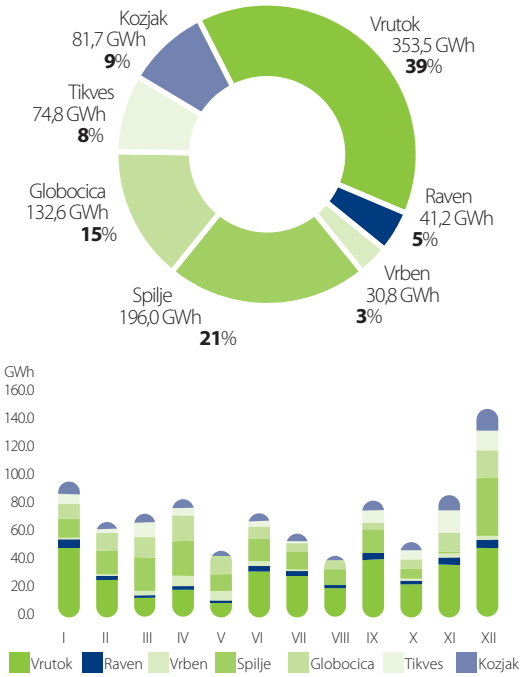
In the development plans of JSC ELEM a great accent is put on the construction of new hydro energy structures as well as revitalization of the existing hydro plants. The total installation of the hydro capacities amounts 528,4 MW respectively 40% from the total capacities of JSC ELEM. In JSC ELEM there are seven hydro plants, from which two are run of river, Raven and Vrben, and five reservoirs Vrutok, Spilje, Globocica, Tikves and Kozjak. From the total production of electricity in JSC ELEM, hydro production provides 17% and that is first of all, for meeting of the daily variations of electricity consumption wherewith greater flexibility and availability of the energy power system is achieved. Basic instigators of our hydro plants are the water flows respectively run of river waters in the country. Our hydro plants work according to the principle of conversion of the mechanical into electric energy. Total volume of the reservoirs is 891.000.000 m3 with total annual production of 1.270 GWh.

The construction of significant buildings, first of all dams and reservoirs, long headrace tunnels or pipes is connected with the usage of the hydro potential. The hydro buildings, although expensive, they contribute for the entire economic development in the country. Despite the great financial necessities for construction, annual finances of buildings exploitation and electricity production of the same is very low.

Our country disposes with significant hydro potential. The hydro potential everywhere in the world gains meaning and it could be support of the future of the energy power system, but also it could not entirely cover the necessities for electricity.

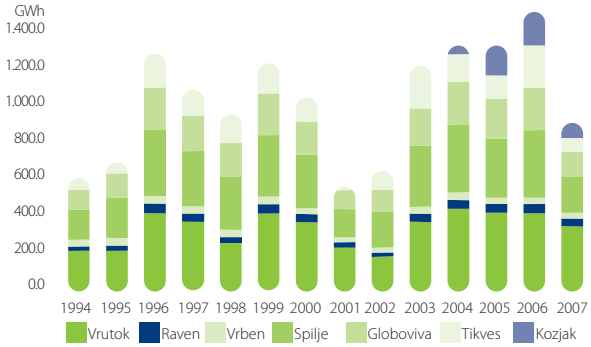
The hydro energy is renewable source of energy and everywhere in the world it gains meaning, that is why we should use it to the maximum. We must not underestimate the hydro potential, it is very important for covering of the peaks for providing system services for regulation of the energy power system.

MONTHLY PRODUCTION – HYDRO PLANTS													GWh
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL
Vrutok	49.5	26.4	14.1	19.5	10.5	32.5	29.7	20.7	40.6	23.6	37.6	49.0	353.5
Raven	5.9	3.1	1.6	2.2	1.2	3.8	3.4	2.2	4.8	2.7	4.5	5.8	41.2
Vrben	0.7	0.9	3.2	7.5	7.2	3.4	0.8	0.0	0.0	1.2	3.1	2.7	30.8
Spilje	13.7	16.8	23.7	24.7	11.8	16.0	12.2	10.8	16.7	7.3	1.3	40.9	196.0
Globocica	10.1	12.6	14.1	18.2	12.8	8.5	6.6	6.3	4.6	6.3	12.9	19.6	132.6
Tikves	7.3	2.7	9.9	4.9	0.1	3.5	1.1	0.2	8.8	6.3	16.1	13.7	74.8
Kozjak	8.5	4.8	6.5	6.3	3.4	5.5	5.2	3.0	6.9	5.7	10.7	15.3	81.7
TOTAL	**95.7**	**67.3**	**73.1**	**83.3**	**46.9**	**73.3**	**59.0**	**43.4**	**82.4**	**53.1**	**86.1**	**147.0**	**910.5**

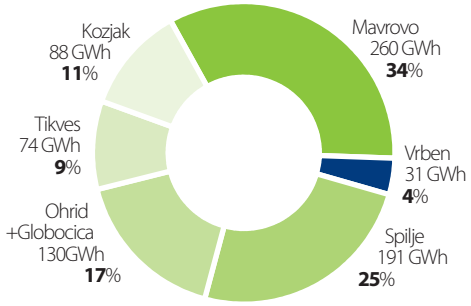


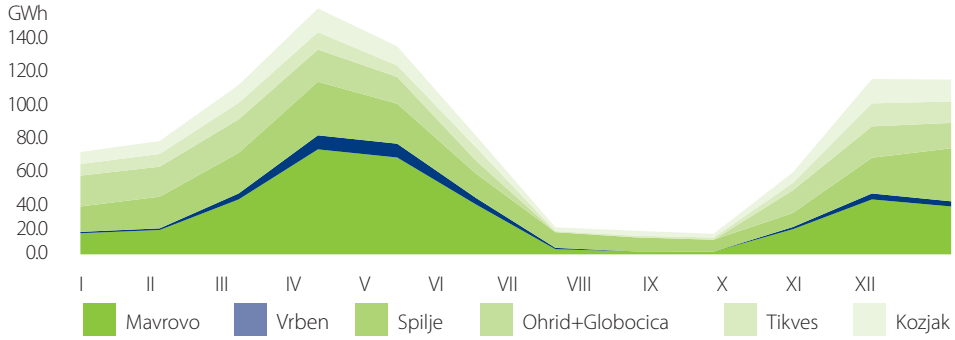
PRODUCTION PER YEARS - HYDRO PLANTS														GWh
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Vrutok	219.7	220.1	425.4	378.8	264.9	421.7	376.8	235.4	190.1	378.1	448.4	425.9	423.5	353.5
Raven	25.7	25.8	49.9	44.3	31.1	50.3	43.2	28.5	21.2	41.3	45.4	46.5	48.9	41.2
Vrben	32.0	44.1	45.5	37.1	40.0	40.3	31.4	28.7	25.6	39.0	41.2	38.0	34.7	30.8
Spilje	165.8	216.4	352.9	297.6	283.9	332.4	289.9	154.3	193.2	330.4	365.6	316.7	363.4	196.0
Globocica	104.8	134.6	229.6	191.6	182.0	225.0	178.2	96.8	122.7	201.1	233.5	212.9	232.6	132.6
Tikves	63.3	54.8	180.3	140.7	153.3	161.6	128.3	21.2	99.4	229.0	149.9	128.8	227.4	74.8
Kozjak	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	44.3	165.9	179.6	81.7
TOTAL	611.3	695.8	1,283.6	1,090.1	955.2	1,231.3	1,047.8	564.9	652.2	1,218.9	1,328.3	1,334.7	1,510.0	910.5

HYDRO PLANTS	2006	2007	'07/'06	'06	'07
	GWh	GWh	%	%	%
Vrutok	423.5	353.5	-16.5	28.0	38.8
Raven	48.9	41.2	-15.7	3.2	4.5
Vrben	34.7	30.8	-11.2	2.3	3.4
Spilje	363.4	196.0	-46.1	24.1	21.5
Globocica	232.6	132.6	-43.0	15.4	14.6
Tikves	227.4	74.8	-67.1	15.1	8.2
Kozjak	179.6	81.7	-54.5	11.9	9.0
TOTAL	**1,510.0**	**910.5**	**-39.7**	**100.0**	**100.0**

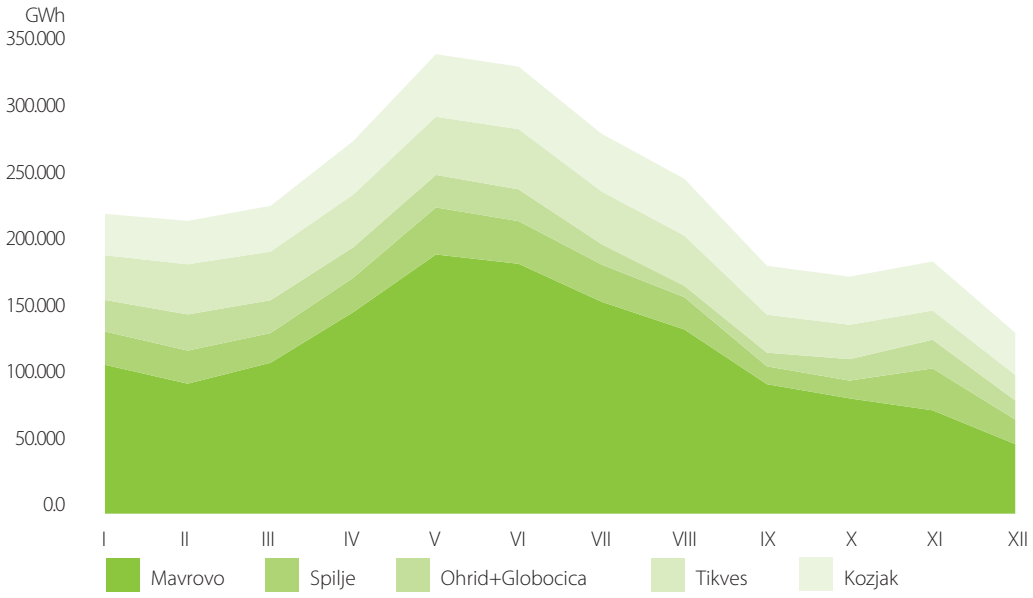


INFLOWS IN THE RESERVOIRS													GWh
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL
Mavrovo	11	13	29	55	51	26	3	2	1	13	29	25	260
Vrben	1	1	3	8	7	3	1	0	0	1	3	3	31
Spilje	13	17	21	28	21	13	8	7	6	7	19	28	191
Ohrid +Globocica	16	16	18	17	14	7	0	0	0	12	17	13	130
Tikves	6	7	9	9	6	7	1	1	1	4	12	11	74
Kozjak	6	7	9	13	10	6	2	3	2	6	13	12	88
TOTAL	**54**	**60**	**90**	**130**	**110**	**63**	**14**	**12**	**11**	**43**	**93**	**92**	**773**





AVERAGE MONTHLY CONDITION OF THE RESERVOIRS												GWh
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Mavrovo	109,646	95,785	111,075	148,392	190,863	184,054	156,029	135,673	95,282	84,817	76,065	51,280
Spilje	24,522	24,268	21,909	25,383	34,666	31,342	27,328	23,844	13,156	13,116	30,859	17,972
Ohrid +Globocica	23,256	26,586	24,161	22,417	23,878	23,375	15,042	8,269	10,081	15,878	21,186	14,133
Tikves	32,784	37,029	35,855	38,729	42,857	44,298	38,875	36,983	28,048	25,373	21,402	18,891
Kozjak	30,627	31,862	33,670	39,391	46,045	46,226	42,547	41,763	36,007	35,275	36,307	31,011
TOTAL	**220,835**	**215,530**	**226,670**	**274,312**	**338,308**	**329,295**	**279,821**	**246,533**	**182,573**	**174,459**	**185,819**	**133,287**



Sustainable development

Instigation of larger usage of the renewable energy sources as well as their construction

The global strategy for development of energetics means inclusion of renewable electricity sources which are ecologically and economically justified. International protocols and obligations for reduction of the CO_2 emission (Kyoto Protocol) and the local ecological problems forced Governments of many countries with different subventions to instigate the construction of ecologically clean plants which use renewable sources. This policy contributed for evident popularization and increasing of the share in certain renewable sources in the entire electricity production. From all renewable sources the highest rate of development in the last two decades belongs to the wind energy.

This initiative corresponds with Government strategy for development of renewable sources of electricity as well as EU strategy for development of these kinds of capacities. The construction of wind plants in near future would have positive implications for energy power system in Republic of Macedonia, as well as for the local economics.

From July 2006 JSC ELEM measures the wind potential at four locations with potential for construction of wind plants. The measuring was preceded by elaboration of Wind Atlas which was elaborated in 2005. At the moment JSC ELEM applied in the European fund for infrastructure projects for receiving means for elaboration of feasibility study for construction of Wind Company at one of these locations. This project should be pilot project for wind plant in Republic of Macedonia and from the past analysis from the first wind company is expected annual production of 100 GWh renewable energy.

Co-generation plants

Availability of the natural gas in Skopje, as well as the existence of heat system in Skopje create conditions for installment of co-generation plant for electricity production and production of thermal energy with plant fuel natural gas.

The tender documentation for construction of co-generation combined TE-TO is in preparation phase and it is planned to be by model of mutual partnership with foreign partner. The new combined gas plant with 300 MW of electricity and 150 MW of thermal power with combined cycle should fulfill the shortage of electricity in the winter period. The plant should be installed in the existing plant "Energetika" Skopje and the bigger part of the existing equipment will be used for the new plant.

The existing "Energetika" – Skopje is plant that has worked on crude oil and produced 30 MW electricity, 150 MWth thermal energy, process steam 40 t/h. If in the new plant as a fuel natural gas is used, the NO_x emission will significantly reduce due to installment of dry low NO_x burner in the gas turbine.

Trading with CO_2 emissions, CER included in CDM projects

ELEM invests in the sustainable development of Macedonia. The main accent is put on the increasing of the production capacity of the

NATURE TRANSFORMED INTO ENERGY

ELEM
MACEDONIAN POWER PLANTS

renewable electricity recourses in Macedonia as well as decreasing of the emissions of SO_2, NO_X and CO_2 from the thermal plants.

ELEM develops projects under the Clean Development Mechanism which is important part of the Protocol in Kyoto and it is managed by the United Nations Framework Convention on Climate Change. These projects contribute for decreasing of the emissions of greenhouse gases, cleaner environment and they join the contributions of many countries from the whole world against global warming and climate changes.

Introduction of the ISO standard 14 001

Introduction in the ISO standard 14001 and preparation for development and implementation of the same is enabled through the consulting house Jacques Withford from Canada and their local partner Dynamic Consulting from Macedonia. The Consultant is employed by the European Bank for renewal and development.

Introduction workshops by the consultant were held. So far the GAP analysis are finished, a review of the existing documentation is made and records that influence the environment, interviews and discussions with the employees are made. In April 2007 another workshop was held in the presence of the consultant and his local partner where the considerable aspects of our production works that influence over our environment were presented. From all subsidiaries in JSC ELEM a complete documentation which exists in written form is collected and Manual of system for managing of the environment for JSC ELEM is elaborated. It follows establishment of programs and assignments for protection of environment as a step before certification of the company with the ISO standard 14001.

Integrated ecological permission

Integrated restriction and control of the pollution (IRCP) is a system of permissions for protection of the environment from pollutions which could be caused by certain industrial activities. The main goal of IRCP is to provide high level of environment protection as a whole, acting preventively and there where this is not possible, to reduce the emissions of air, water and soil.

In the current 2007, the subsidiaries REK Bitola and REK Oslomej, as well as the subsidiary Energetika, which produce thermal energy, made operative plan which precise the measures and the goals for adjustment that are undertaken by JSC ELEM related to approaching and achievement of the norms of the best available techniques. The subsidiaries in the application for an Integrated Ecological Permission to the Ministry of Environment and physical planning submitted operative plan which after the adoption becomes obligation of JSC ELEM.

Restocking with eels

The obligation of our company, due to the existence of HP Spilje and HP Globocica which are obstacle to the way of the eel, is to make annual restocking of the Ohrid lake with 100 000 young eels.

Public and Social Responsibility of the Company

Internal control

According to the Law on Internal audit in the public sector and the Law on Public internal financial control from JSC ELEM's Statute, Management Board brought Regulations for execution of internal control and audit in our company. With these Regulations the system for internal financial control and internal audit is regulated and it consists of:

- finance management and control
- Internal audit.

The internal audit includes financial and other controls, organization structure, methods and working procedures and internal audit, established in the Company, according to the designated goals in order to be enabled accomplishment of the activities in a transparent, regular, economical, efficient and effective manner. The internal audit includes independent and objective verification of the information, confirmation of their accuracy and giving advice in order to contribute for improvement of the work of the Company. The main goal of the internal control is providing confidentiality and integrity of the information, application of the legal and other provisions, directions of the management, preserving of the resources, economical, efficient and effective usage of the means of the Company. With these Regulations a system of financial management is established, control and procedures for entire control of the work of the Company, management of risk, reducing of the same at acceptable level and Ex – ante and Ex – post financial control. The main goal of the Company is providing independent and objective estimation of the work of the Company and the effectiveness of the system for internal control.

Establishment of a system for quality management according to the requirements of the ISO standard 9001:2000

JSC ELEM joins the contemporary and technologically progressive countries in the world with undertaking activities for establishment of the management system with quality according to the requirements of the ISO standard 9001:2000. This year, a tender documentation has been elaborated for selection of consultant for establishment of the quality management system ISO 9001:2000. The public invitation was published in august 2007 and in December was completed the tender procedure with which the selection of consultant was made. The company "Makkontrol" has a role of consultant. Two teams of consultants were created in the production department. The first team is for planning and production of electricity in HPP and maintenance and management with measuring – control equipment and the second team is for planning and production in TPP: production of coal in the mines, quality control and quality plans. We organize educational workshops and working teams which make coordination of the activities at a level of organization parts in order to distribute people correctly. The planned period for realization of the ISO standard 9001:2000 is 12 months. International standards are not

only addition to our logo. We intend to make changes in the way of thinking, simplicity in communication, process managing, monitoring and optimization of the company tasks and activities, instead of inspection of the final product.

Program for voluntary retirement

We, as a contemporary company, consider that behind our success are our employees. We are directed towards bigger affirmation and modernization of the company, we rejuvenated ourselves with young, educated personnel with ambitious ideas, prepared for new working challenges, personnel capable to accept the responsibility, loyal to its company, educated people orientated towards prompt accomplishment of the tasks with their knowledge.

In order to stimulate innovative approach in the work of our employees, the Management Board of our company brought Program for voluntary ceasing of the work employment of the employees who want to retire. The program was elaborated according to the accomplished analysis from the total number of employees who have 5 years until realization of the retirement pension and the total financial assets which the Company should separate as golden handshake for the workers who like voluntary to stop their work employment with annulling of the employment contract with agreement. The goal for conveying of this program was introduction of new organization structure of JSC ELEM as well as improvement of the entire financial condition of the Company. For realization of this program, the company announced advertisement for all employees that have established work employment at indefinite time in JSC ELEM fulfillment of the conditions established with this Program including, workers – women should have from 57 to 61years of age and men from 59 to 63 years of age.

The success of the company depends on the people responsible for prompt and quality execution of the work tasks. The employees that have been creating this company for years know best of all how painstakingly is our constant production capacities to be maintained in best shape. They deserve happy retirement years.

Protection of the environment

Protection of the environment is important element in the work of JSC ELEM as in function of development and strategy and also in current operative work.

The goals of the company adopted by the Management Board are transparent for the public and they are based on preservation of the highest European standards from this field.

The promotion of the protection of the environment as ethnic value implies responsible work and undertaking of all steps and measures which signify sustainable development. The protection of the environment is important priority in the energy policy of our company. Only effective energy sector represents precondition for sustainable development in economical, social and ecological sense.

We are the first company on the Balkan which is in a phase of registration of saving emission of the greenhouse gases included in the Clean Development Mechanism. With rehabilitation of the hydro plants of ELEM annually are saved emissions of around 200 000 tons CO_2. We are taking care of the already exploited coal

excavations through their regular re-cultivation and returning in the primal condition. A control for neutralization of the sewage is lead. At the time of planning of the new, as well as analysis and exploitation of the existing hydro reservoirs, We constantly elaborate appropriate studies and elaborations which refer to the impact that these hydro reservoirs have on the macro and micro climate, protection of the vegetation and wildlife as well as the global protection of floods of the people and property. As contemporary company for production of electricity, we are devoted to the business with renewable sources and we continue with exploration of the possibilities for contribution towards the sustainable energy development. We will continuously take care for all our activities to be according to the laws and other provisions, constantly will improve the condition of the field for protection of the environment, we will adopt efficient programs and provide material and other means for realization of these programs, the analysis of the condition in the existing plants from aspect of air emissions, water and bringing on prior plan due to their decreasing.

Thermal Plants

In TP Bitola, TP Oslomej and in the subsidiary Energrtika the emissions of air and quantities of sewage are measured continuously.

In REK Bitola during 2007 are planted 45 000 annual acacial bedding plants which are produced in the nursery in the complex.

Park arrangement and planting of bedding plants with conifers and deciduous at the transformer station of the surface mine Brod-Gneotino.

In REK Oslomej a stuffing over the old waste dump was made in the current 2007.

		REK Bitola	REK Oslomej	Energetika
SO_2	t	49.415	6.641	
CO	t	426	271	0,119
NO_x	t	8.929	1.003	0,0768
CO_2	t	4.459.966	463.626	0,0078
Dust	t	8.454	216	
Ash	t	773.054	164.400	
Slag	t	182.253		

Mines

In the both Mining Power Complexes, a Plan – Program for protection of the Environment was elaborated for the period until 2014 and it includes the following activities:

- Prevention of atomization of the stock pile for ash with application with liquid devices;
- Reclamation of SM and the stock pile for ash and waste;
- Manufacturing of special waste dump for dumping of dangerous materials;
- Creation of sanitary protection zone with high stem wood;
- Cleaning of the recycled dump;
- Construction of protection basin for barrels with used oil;
- Decreasing of the self ignition of the coal waste dump;
- Decreasing of the fugitive emission of coal dust in the coal dump
- Spraying with additives of the spilling places of the above bunker part
- Decreasing of the dust emission with conditioning of output gases from boiler;
- Desulphuration;
- Reconstruction of electro philter.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Hydro plants

In 2007 JSC ELEM made Elaborate for estimation of the impact on the environment and regarding the rehabilitation project of the six big hydro plants: HP Vrutok, HP Raven, and HP Vrben, HP Globocica, HP Spilje and HP Tikves.

With replacement of the equipment there will be no imposing of any pollution in the air, the equipment is according to the international standards for minimum noise and outside of the plants there is no noise from the work of the turbines. There is no pollution of the water and the soil. There is no construction of new buildings or new infrastructure.

The replacement of the old switch yards which is outside of the plant (switches, spliters, indicators) with new and it does not cause changes of the landscape that did not exist before; respectively the new equipment has the new look as the old one.

For the entire old equipment – non-toxic and non- radioactive metals (mostly steel and cooper) a contract is concluded and it is given to dump where afterwards recycling is made.

The old oil for grease, after regular procedure is given to cleaning in TPP Negotino which owns plant for purification of the following characteristics: Central station for oil where the following is made: storage, supply and return of the turbine and transformer oil with purification. The oil station has 2x4 reservoirs of 50 m^3. Decanting is made with pumps that have capacity of 18 m^3/h and manometer pressure of 360 mBC. In the station system there are centrifugal filters which capacity is 3000 l/sec. and their use is to filtrate the used oil from the system.

In the accumulations Mavrovo, Tikves, Spilje, Globocica and Kozjak the level is regularly measured and also measurements are regularly made of the inflows/outlets.

Average monthly inflow in the reservoir in m^3/sec

HP	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Annual average
Mavrovo	2,777	3,497	7.937	16,367	15,597	8,329	1,489	0,828	0,930	3,098	7,504	7,556	**6,325**
Tikves	10,79	13,12	15,37	16,34	10,50	12,25	0,87	1,47	2,18	7,10	23,83	21,69	**11,29**
Spilje	26,09	35,63	41,03	56,82	39,55	24,17	15,33	14,11	13,09	15,29	38,75	52,99	**31,07**
Globocica	16,96	21,89	23,54	29,64	19,68	14,00	10,08	9,37	7,68	9,76	20,53	31,78	**31,38**
Kozjak	8,77	10,83	13,35	19,11	14,75	9,19	3,17	3,67	3,08	8,29	19,47	17,09	**10,90**

Average monthly outlet in the reservoir in m^3/sec

HP	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Annual average
Mavrovo	14,055	8,402	4,059	5,750	2,979	9,482	0,013	5,865	12,148	6,651	11,392	13,943	**7,894**
Tikves	13,16	5,48	17,43	8,95	0,22	6,24	1,94	0,44	16,42	11,72	31,55	26,52	**11,67**
Spilje	26,75	36,18	45,63	49,86	22,22	30,47	22,86	20,76	34,52	15,11	2,85	77,87	**32,09**
Globocica	16,1	22,54	22,69	29,81	20,17	13,50	10,21	9,69	7,40	9,66	21,32	31,3	**17,86**
Kozjak	14,11	8,81	10,70	10,55	5,33	8,93	8,21	4,78	11,61	9,36	17,92	24,85	**11,26**

	Average monthly level in the reservoir in meters above sea level											
HP	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Mavrovo	1219,56	1216,7	1215,6	1216,8	1219,5	1222,3	1221,9	1220,0	1218,6	1215,6	1214,8	1214,06
Tikves	254,24	254,80	255,40	256,75	257,19	258,30	257,50	256,02	253,62	250,94	249,24	247,50
Spilje	573,74	573,54	573,44	572,16	574,14	578,02	576,48	574,78	573,08	568,20	568,26	576,72
Globocica	686,20	686,86	686,45	686,90	686,94	686,36	687,05	686,89	686,52	686,83	686,78	686,38
Kozjak	448,78	447,39	447,87	448,56	450,65	452,93	452,99	451,75	451,48	449,43	449,16	449,54

Provided permanent solution for the ash removal problem in REK OSLOMEJ

REK Oslomej continuously undertakes activities for preservation of the environment during electricity production. One of the more serious ecology problems was fly ash which appears as by-product during electricity production.

The problem with the deposit of fly ash became alarming during the last years. The existing dump was overfilled and at every wind the ash was spread and threatened the neighborhood area. The ash was deposited above TP for 28 years so even when there was small wind it was threatening the environment.

With determinate decision by the manager team of JSC ELEM, through transparent procedure a company was selected, a company which should start the construction of the plant that should resolve the problem with the removal of ash for long. The resolving of ecological problems and the care of the environment are priorities in the work of REK Oslomej besides the primal electricity production.

With understanding and support of the management team from our company, after the realized international tender, we chose the reputable Lebanese company EBN, which repurchase the entire quantities of ash and it uses the same in the cement industry. The preparations and the realization of this project are already going on and the contributions of the same will be disposable for protection of the environment as well as for opening of new working positions.

Financial report for the period from 01.01.2007 until 31.12.2007

General information about the company

JSC MACEDONIAN POWER PLANTS is established by the spin-off of the generation activity of the vertical integrated "Elektrostopanstvo na Makedonija" JSC Skopje. The business restructuring was completed on September 1, 2005 and the Entity was registered by Court of Skopje under the registration number 5021/05 on September 9, 2005. The Entity's main activity is production of electricity. The operating structure of the Entity is composed of a Head Office and 8 registered production units, located throughout the Republic of Macedonia: HP Globocica, HP Tikves, HP Spilje, HP Mavrovo, HP Treska, MSC Oslomej, MSC Bitola and Energetika.

On 20.03.2006 with decision number 02 – 410 from the Regulatory Committee for Energetika of Republic of Macedonia, JSC ELEM received a license for Subsidiary Energetika – Skopje for execution of energy activity:

- production of thermal energy,
- distribution of thermal energy and
- Supply with thermal energy.

Significant accounting politics

The financial statements of the Entity have been prepared according to the Law on Trading Companies, International accounting standards and approved accounting politics of the entity. The financial statements are presented in Macedonian denars.

Material asset

Material asset – immovables, plants and equipment are expressed according to the basic treatment at acquisition value reduced for accumulated amortization and accumulated loss due to damage.

Amortization is calculated according to the determined accounting policies of the Company. The calculated amortization for 2007 amounts 1.791.874.026 denars and compared with 2006 is reduced to 9%.

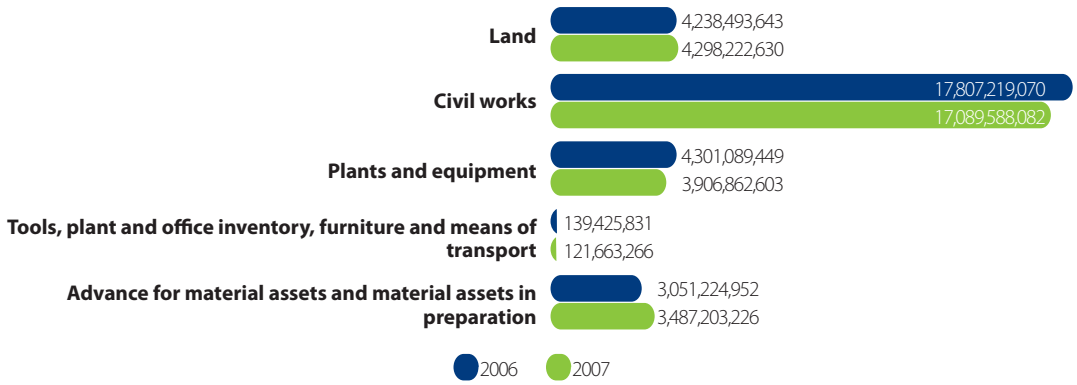
Inventories

Inventories are composed of raw materials, spare parts, fixtures and fittings , tires and lignite. JSC ELEM Skopje uses the basic treatment for procurement activity of the reserves using the cost formula for ponderable average. The reserves of lignite are according to the cost price which is composed of direct expenditures for mineral excavation and adequate part of the general expenditures that are product of the excavation.

The reserves with condition 31.12.2007 amount 2.074.268.287 denars from which 211.836.862 denars are reserves of raw materials and materials, 1.831.345.203 denars reserves of spare parts and 31.086.222 denars reserves of fixtures and fittings.

The reserve of the uncompleted production (excavated coal) of 31.12.2007 amounts 90.845.058 denars.

DESCRIPTION	2006		2007		'07/'06
	DEN.	%	DEN.	%	%
Land	4,238,493,643	14.35	4,298,222,630	14.87	1.41
Civil works	17,807,219,070	60.29	17,089,588,082	59.13	-4.03
Plants and equipment	4,301,089,449	14.56	3,906,862,603	13.52	-9.17
Tools, plant and office inventory, furniture and means of transport	139,425,831	0.47	121,663,266	0.42	-12.74
Advance for material assets and material assets in preparation	3,051,224,952	10.33	3,487,203,226	12.06	14.29
TOTAL	**29,537,454,951**	**100**	**28,903,539,807**	**100**	**-2.15**

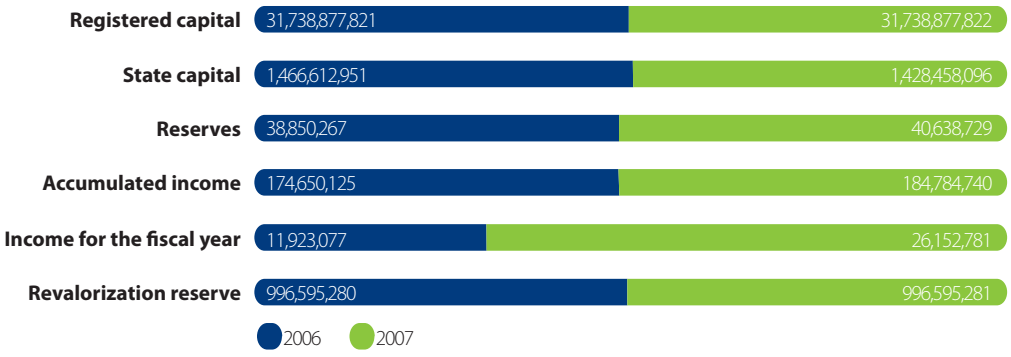


Capital and reserves

The capital together with the reserves amounts 34.415.507.449 and covers the following positions:

The registered capital is expressed on a special account in amount which is registered in the trade records. The residual capital has course of state capital. The reserves are expressed by nominal value with abstraction of 15% from the net value for legal reserves. The accumulated income is expressed especially in the business books and the accumulated income of the pervious years amounts 184.784.740 denars. The income for the current year amounts 26.152.781 denars.

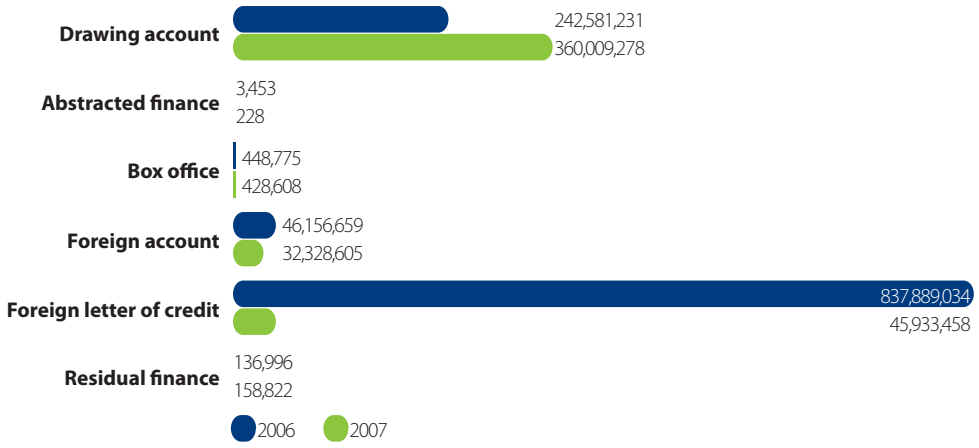
DESCRIPTION	2006		2007		'07/'06
	DEN.	%	DEN.	%	%
Registered capital	31,738,877,821	92.19	31,738,877,822	92.22	0
State capital	1,466,612,951	4.26	1,428,458,096	4.15	-2.6
Reserves	38,850,267	0.11	40,638,729	0.12	4.6
Accumulated income	174,650,125	0.51	184,784,740	0.54	5.8
Income for the fiscal year	11,923,077	0.03	26,152,781	0.08	119.35
Revalorization reserve	996,595,280	2.89	996,595,281	2.9	0
TOTAL	**34,427,509,521**	**100**	**34,415,507,449**	**100**	**0**



Cash and cash equivalents

The finance are short – term assets available for payment of short – term liabilities and regular business expenditures which compared with 2006 are decreased for 61% and include:

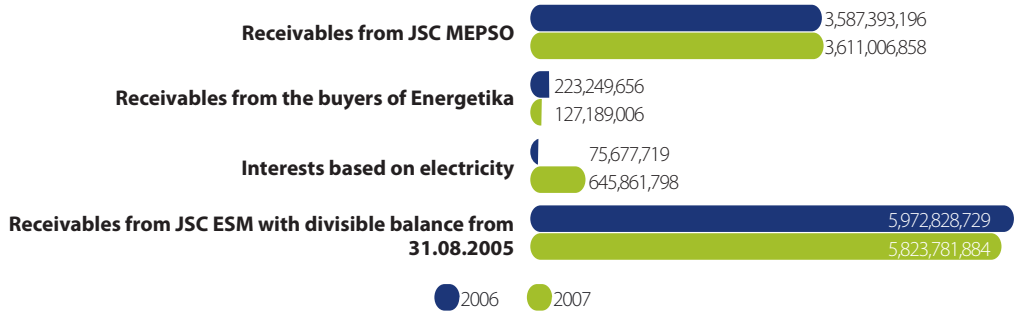
DESCRIPTION	2006		2007		'07/'06
	DEN.	%	DEN.	%	%
Drawing account	242,581,231	21.52	360,009,278	82.03	48.41
Abstracted finance	3,453	0	228	0	-93.4
Box office	448,775	0.04	428,608	0.1	-4.49
Foreign account	46,156,659	4.09	32,328,605	7.37	-29.96
Foreign letter of credit	837,889,034	74.33	45,933,458	10.47	-94.52
Residual finance	136,996	0.01	158,822	0.04	15.93
TOTAL	**1,127,216,148**	**100**	**438,858,999**	**100**	**-61**



Account Receivables

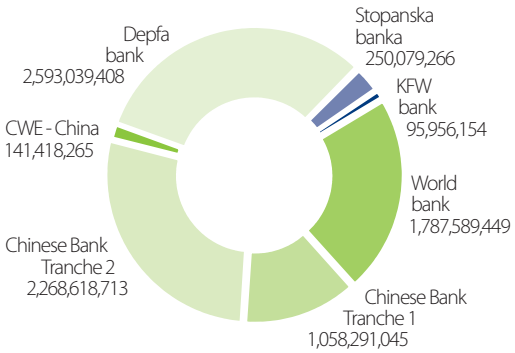
Short-term account receivables are presented by nominal diligence. For the customers' demands which are not paid in the agreed deadline interest is calculated. Short-term account receivables are in amount of 9.984.589.124 denars from which the biggest part are related to:

DESCRIPTION	2006		2007		'07/'06
	DEN.	%	DEN.	%	%
Receivables from JSC MEPSO	3,587,393,196	36.39	3,611,006,858	35.37	0.66
Receivables from the buyers of Energetika	223,249,656	2.26	127,189,006	1.25	-43.03
Interests based on electricity	75,677,719	0.77	645,861,798	6.33	753.44
Receivables from JSC ESM with divisible balance from 31.08.2005	5,972,828,729	60.58	5,823,781,884	57.05	-2.5
TOTAL	**9,859,151,306**	**100**	**10,207,841,553**	**100**	**4**



Long-term Liabilities

The liabilities on long – term loans, foreign and domestic, are expressed on nominal value increased for sufficient interest according to the contracts, decreased for payment of the capital. The same have treatment as long – term liability if the deadline for accomplishing is more than 12 months. Long – term liabilities based on loans amount 5.707.718.711 denars for:

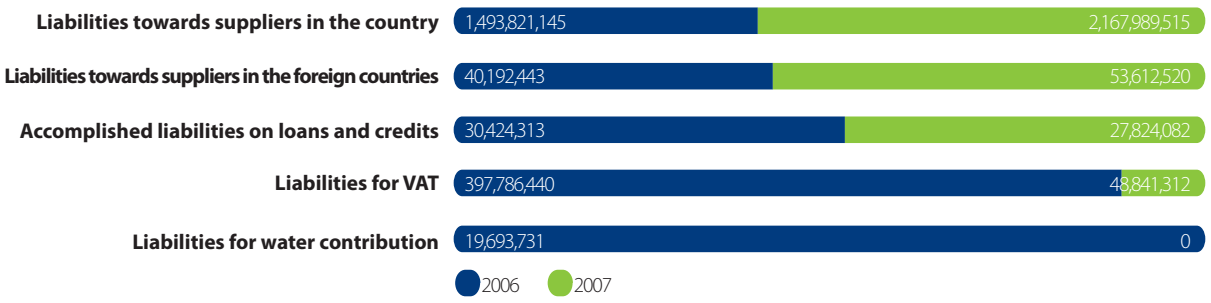


DESCRIPTION	Interest rate	Capital	Interest	Total credit	Last annuity
	%	DEN.	DEN.	DEN.	DEN.
World Bank	libor+0,5%	1,320,189,449	467,400,000	1,787,589,449	2/15/2017
Chinese Bank Tranche 1	7,49%	827,490,871	230,800,174	1,058,291,045	7/7/2013
Chinese Bank Tranche 2	libor+1,5%	1,871,397,884	397,220,829	2,268,618,713	7/7/2013
CWE – China	7,8%	109,587,421	31,830,844	141,418,265	7/15/2013
Depfa Bank	eurolibor+2,75%	1,287,178,666	1,305,860,742	2,593,039,408	10/14/2021
Stopnaska Banka (Tisenkrup - Germany)	7,87%	195,918,266	54,161,000	250,079,266	1/1/2013
KEW bank – Germany Man Takraf – hermes insurance		95,956,154		95,956,154	
TOTAL		**5,707,718,711**	**2,487,273,589**	**8,194,992,300**	

Short – term liabilities

The liabilities are classified as short term if at the date of balance composing is expected to be compensated for 12 months. The short – term liabilities amount 2.298.267.429 denars and compared to 31.12.2006 are increased for 16%.

SHORT TERM LIABILITIES	2006		2007		'07/'06
	DEN.	%	DEN.	%	%
Liabilities towards suppliers in the country	1,493,821,145	75.37	2,167,989,515	94.33	45.13
Liabilities towards suppliers in the foreign countries	40,192,443	2.03	53,612,520	2.33	33.39
Accomplished liabilities on loans and credits	30,424,313	1.54	27,824,082	1.21	-8.55
Liabilities for VAT	397,786,440	20.07	48,841,312	2.13	-87.72
Liabilities for water contribution	19,693,731	1	0	0	-100
TOTAL	**1,981,918,072**	**100**	**2,298,267,429**	**100**	**16**



NATURE TRANSFORMED INTO ENERGY

ELEM
MACEDONIAN POWER PLANTS

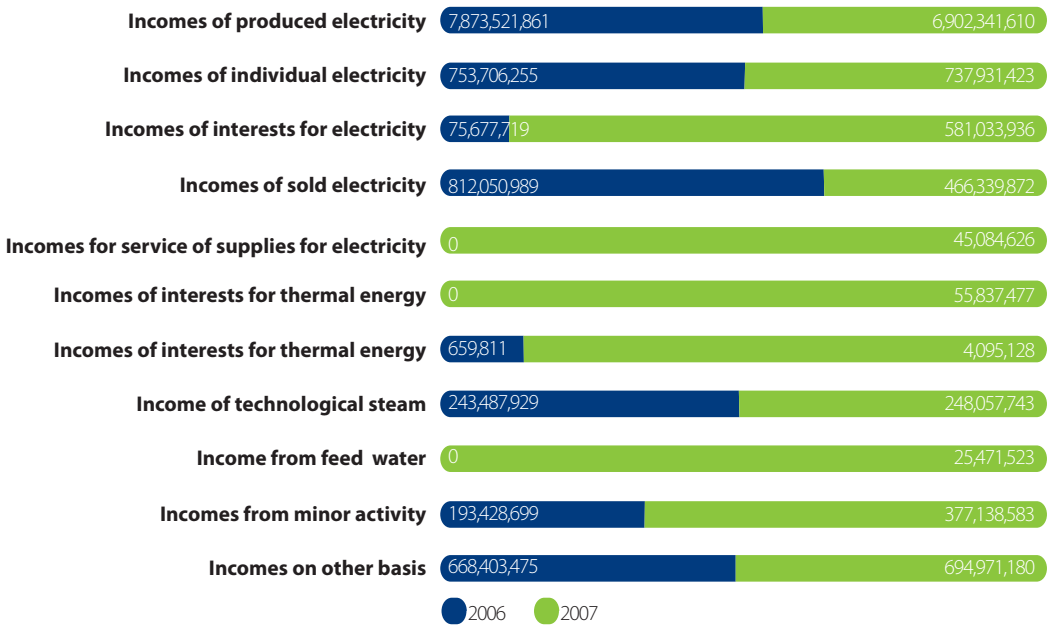
Income received

The incomes of the goods sale and services are presented by objective value. VAT is not included in the incomes.

The total income of JSC Macedonian Power Plants accomplished on all basis for the period I-XII 2006 amounts 10.620.936.738 denras.

The accomplished total income is from:

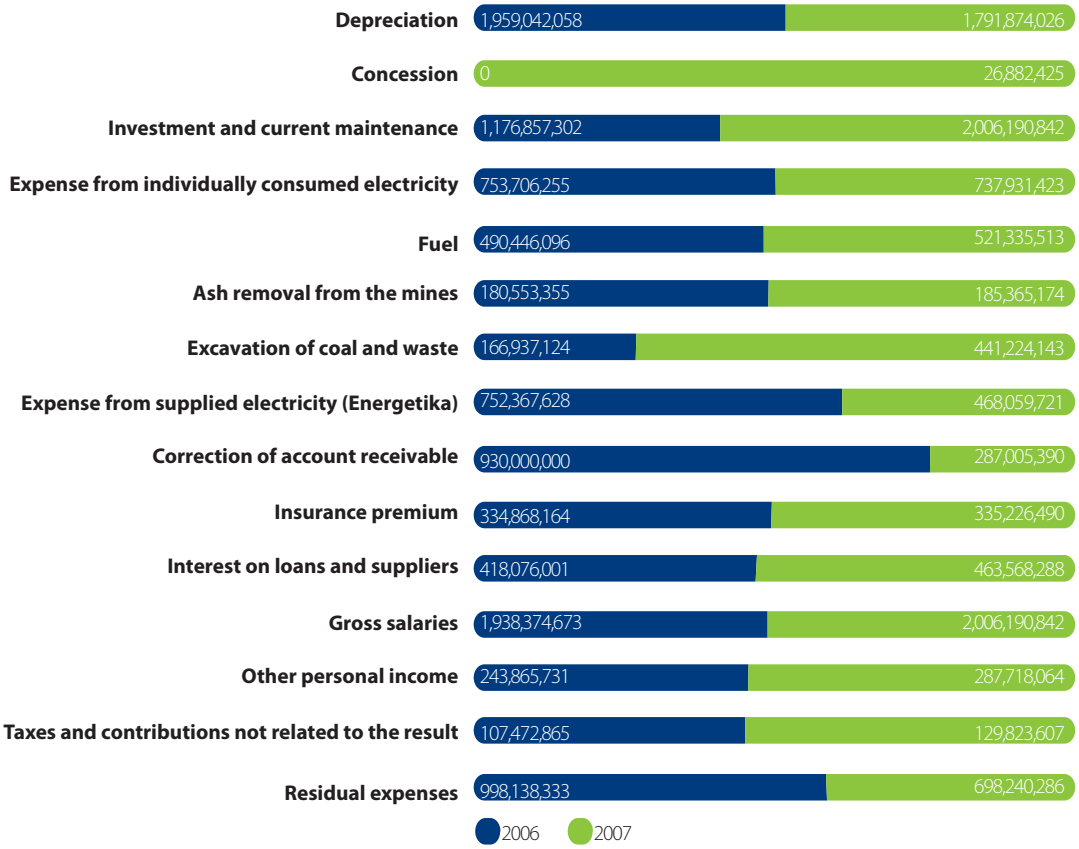
DESCRIPTION	2006		2007		'07/'06
	DEN.	%	DEN.	%	%
Basic activity income	8,627,228,116	81.229	7,640,273,033	75.36	-11.44
Incomes of produced electricity	7,873,521,861	74.13	6,902,341,610	68.08	-12.33
Incomes of individual electricity	753,706,255	7.10	737,931,423	7.28	-2.09
Incomes of interests for electricity	75,677,719	0.71	581,033,936	5.73	667.77
Incomes of sold electricity	812,050,989	7.65	466,339,872	4.6	-42.57
Incomes for service of supplies for electricity	0	0	45,084,626	0.44	0
Incomes of interests for thermal energy	0	0	55,837,477	0.55	0
Incomes of interests for thermal energy	659,811	0.01	4,095,128	0.04	520.65
Income of technological steam	243,487,929	2.29	248,057,743	2.45	1.88
Income from feed water	0	0	25,471,523	0.25	0
Incomes from minor activity	193,428,699	1.82	377,138,583	3.72	94.98
Incomes on other basis	668,403,475	6.29	694,971,180	6.85	3.97
TOTAL	**10,620,936,738**	**100**	**10,138,303,101**	**100**	**-5**



Expenses

The total expenses of JSC Macedonian Power Plants realized in 2007 amount 10.041.291.048 denars which compared with the same period 2006 note increasing for 4%.

DESCRIPTION	2006		2007		'07/'06
	DEN.	%	DEN.	%	%
Depreciation	1,959,042,058	18.75	1,791,874,026	17.85	-8.53
Concession	0	0	26,882,425	0.27	0
Investment and current maintenance	1,176,857,302	11.26	1,660,845,656	16.54	41.13
Expense from individually consumed electricity	753,706,255	7.21	737,931,423	7.35	-2.09
Fuel	490,446,096	4.69	521,335,513	5.19	6.3
Ash removal from the mines	180,553,355	1.73	185,365,174	1.85	2.67
Excavation of coal and waste	166,937,124	1.6	441,224,143	4.39	164.31
Expense from supplied electricity (Energetika)	752,367,628	7.2	468,059,721	4.66	-37.79
Correction of account receivable	930,000,000	8.9	287,005,390	2.86	-69.14
Insurance premium	334,868,164	3.2	335,226,490	3.34	0.11
Interest on loans and suppliers	418,076,001	4	463,568,288	4.62	10.88
Gross salaries	1,938,374,673	18.55	2,006,190,842	19.98	3.5
Other personal income	243,865,731	2.33	287,718,064	2.87	17.98
Taxes and contributions not related to the result	107,472,865	1.03	129,823,607	1.29	20.8
Residual expenses	998,138,333	9.55	698,240,286	6.95	-30.05
TOTAL	**10,450,705,585**	**100**	**10,041,291,048**	**100**	**-4**



Accomplished Financial result

DESCRIPTION	2006	2007	'07/'06
	DEN.	DEN.	%
Total Income	10,620,936,738	10,138,303,101	-4.54
Total Expenses	10,450,705,585	10,041,291,048	-3.92
Profit before income taxes	170,231,153	97,012,053	-43.01
Taxes and contributions	158,308,076	70,859,272	-55.24
Net Profit for the year after taxes	11,923,077	26,152,781	119

Income tax

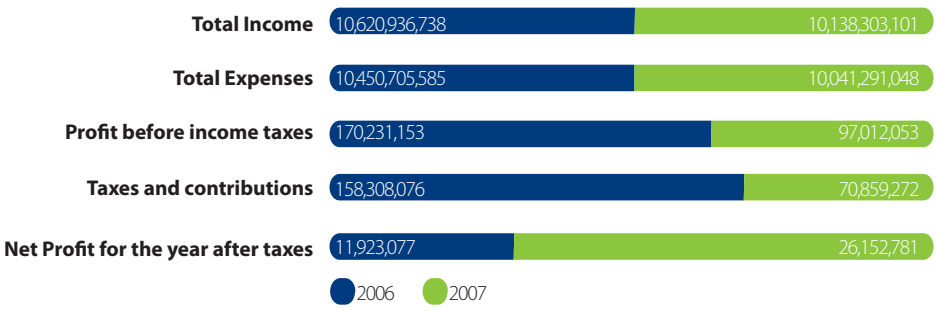
Income tax is calculated in accordance with the Income tax Law with rate of 12 % in amount of 70.859.272 denars.

Income for regular work after taxes in amount of 26.152.781 denars is distributed on:

- Compulsory general reserve in amount of 3.922.917 denars according to the Law on Trading Companies in amount of 15% from the income.
- Non – allocated income in amount of 22.229.864 denars.

Not allocated net income

The amount of the net income of 22.229.864 denars with decision of the Government no. 19-1433/2 from 23.03.2008 will be allocated as non – allocated income and stays in the record of JSC ELEM.



Income statement

in 000 den.

	2006	2007	'07/'06
Revenue			
Electricity revenue	8,685,567	7,275,019	-16.24
Other operating income	612,955	1,069,930	74.55
	9,298,522	8,344,949	-10.26
Expenses			
Lignite manufacturing costs	-3,413,961	-3,502,495	2.59
Amortization	-1,533,071	-1,492,424	-2.65
Staff costs	-1,180,413	-1,323,485	12.12
Maintenance and insurance costs	-293,057	-752,590	157
Raw materials and consumables	-1,243,781	-1,104,297	-11.21
Other operating costs	-657,236	-365,204	-44.43
Correction of the value for bad and			-81.85
Doubtful receivables, net	-913,697	-165,826	
	-9,235,216	-8,706,321	-5.73
	63,306	-361,372	-671
Loss/ profit from work			
Finance income	78,381	588,649	651
Finance costs	-418,074	-463,568	11
Positive difference rate	446,618	333,303	-25.37
Profit before taxation	170,231	97,012	-43
Income taxes	-158,308	-70,859	-55.24
Net profit for the year	11,923	26,153	119

Balance sheet

in 000 den.

	2006	2007	'07/'06
ASSETS			
Non-current assets			
Intangible assets	10,663	10,958	2.77
Immovables, plants, equipment	28,830,336	28,224,476	-2.1
Other financial assets	903,353	896,000	-0.81
	29,744,352	**29,131,434**	**-2.06**
Current assets			
Inventories	1,952,012	2,176,062	11.48
Trade and other receivables	9,540,213	9,775,591	2.47
Prepaid income tax	0	73,459	
Prepaid expenses	915,907	792,942	-13.43
Short – term borrowings receivables	53,565	42,119	-21.37
Short – term bank deposits	63,132	64,324	1.89
Cash and cash equivalents	1,307,421	1,140,666	-12.75
	13,832,250	**14,065,163**	**1.68**
TOTAL ASSETS	**43,576,602**	**43,196,597**	**-0.87**
EQUITY AND LIABILITIES			
Capital and reserves			
Shared capital	31,738,878	31,738,878	0
Revaluation reserves	996,595	996,595	0
Obligatory reserves	38,850	40,638	4.6
Other capital	1,466,612	1,428,460	-2.6
Retained earnings	186,574	210,939	13.06
	34,427,509	**34,415,510**	**-0.03**
Long - term liabilities			
Interest bearing credits and borrowings	5,818,592	5,082,504	-12.65
	5,818,592	**5,082,504**	**-12.65**
Current liabilities			
Trade payable and other liabilities	2,509,949	2,891,970	15.22
Income taxes liabilities	150,776	-	
Short – term credits and borrowings	669,776	806,613	20.43
	3,330,501	**3,698,583**	**11.05**
TOTAL EQUITY AND LIABILITIES	**43,576,602**	**43,196,597**	**-0.87**

Statement of changes in equity

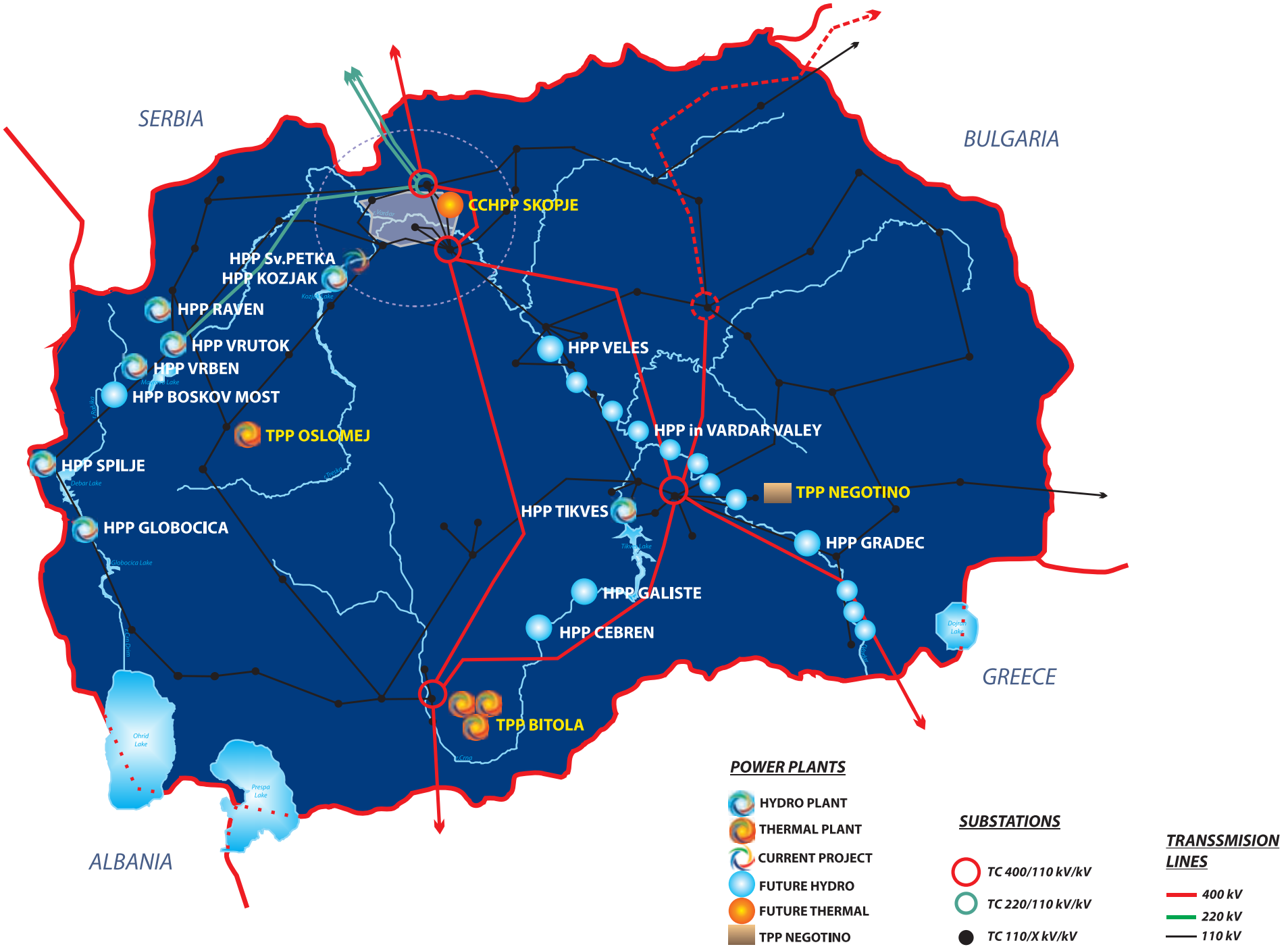
in 000 den.

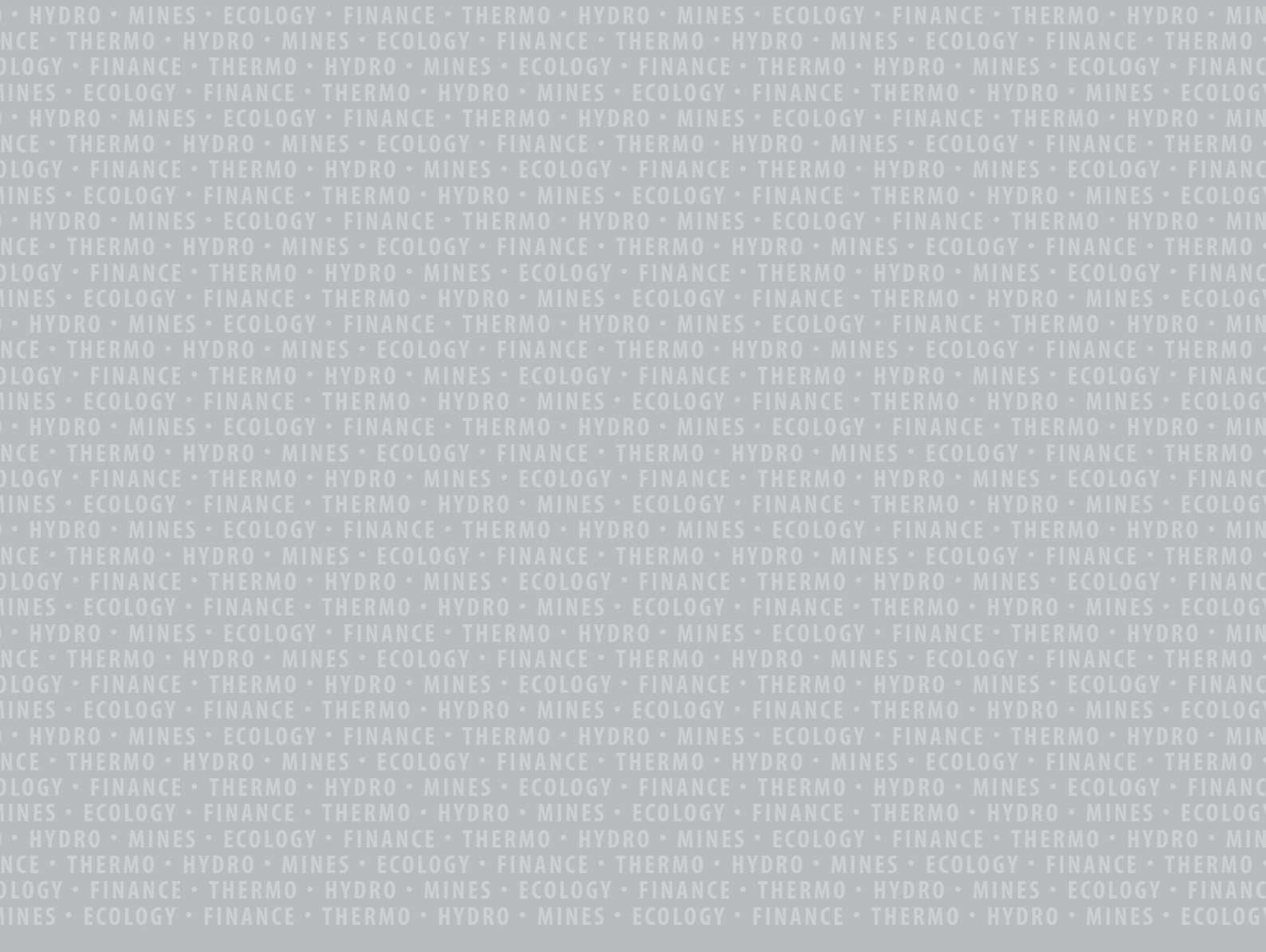
	Share Capital	Revaluation Reserves	Obligatory Reserves	Other Capital	Retained Earnings	TOTAL
At January 1, 2006	31,738,878	-	-	-	-7,671,616	24,067,262
Adjusments of the previous auditor	-	996,595	37,376	1,473,335	7,846,741	10,355,047
Balance at January 1, 2006 adjusted	31,738,878	996,595	38,376	1,473,335	175,125	34,422,309
Transfer of profit for the year 2005 to obligatory reserves			474		-474	
Received donations –immovables, plant and equipment	-	-	-	29,605	-	29,605
Write down of apartments in social ownership	-	-	-	-35,839	-	-35,839
Profit for the year	-	-	-	-	11,923	11,923
Other	-	-	-	-489	-	-489
At December 31, 2006	**31,738,878**	**996,595**	**38,850**	**1,466,612**	**186,574**	**34,427,509**
Transfer of profit for the year 2006 to obligatory reserves	-	-	1,787	-	-1,787	-
Income of the received donations from previous years recorded as increasing of the capital	-	-	-	-29,816	-	-29,816
Write down of apartments in social ownership	-	-	-	-7,353	-	-7,353
Profit for the year	-	-	-	-	26,153	26,153
Other	-	-	-	-983	-	-983
At December 31, 2007	**31,738,878**	**996,595**	**40,637**	**1,428,460**	**210,940**	**34,415,510**

Cash flow statements

in 000 den.

	2006	2007
Cash flows from operating activities		
Income before income tax	170,231	97,012
Adjustment for:		
-Depreciation	1,961,032	1,818,757
-Repair of values for bad and doubtful receivables, net	913,697	286,273
- Incomes of the received donations from the previous years recorded previously as increasing of the capital	-	-29,816
- Income from donations	-22,701	-
-Expenditure of immovables, plants, equipment	3.989	227
- Expenditure of inventory	13,647	92
-Write – off of un reconciled balances with AD ESM – EVN	118,200	-
-Write – off of other receivables	70,185	732
-Write – off of payments in advance for fixed assets	6	-
-Borrowing costs	378,587	436,371
-Positive/negative rate balances	-453,972	-336,702
	3,152,901	**2,302,762**
Decrease / Increase of inventories	81,785	-224,142
Increase of trade receivables from buyers and other receivables	-1,314,725	-522,383
Decrease of prepaid expenses	43,208	94,912
Increase / Decrease of short-term borrowings and deposits in banks	-63,132	10,254
Increase of trade payables	570,336	382,021
Paid interests	-467,570	-436,371
Income tax paid	-10,284	-295,094
Cash flows from operating activities	**1,992,519**	**1,282,143**
Cash flow from investment activities		
Advances paid for immovables, plants and equipment	-707,117	-
Purchase of immovables, plants and equipment	-729,498	-1,186,349
Net cash used in investment activities	**-1,436,615**	**-1,186,349**
Cash equivalents from investing activities		
Payment/inflow of interest loans	**689,903**	**-262,549**
Inflow of cash equivalents from shareholders	-	-
Cash equivalents used in financial activities	689,903	-262,549
Net increase/decrease of cash and cash equivalents	1,245,807	-166,755
Cash and cash equivalents as of January 1	61,614	1,307,421
Cash and cash equivalents as of December 31	**1,307,421**	**1,140,666**


SERBIA
BULGARIA
GREECE
ALBANIA
CCHPP SKOPJE
HPP Sv.PETKA
HPP KOZJAK
HPP RAVEN
HPP VRUTOK
HPP VRBEN
HPP BOSKOV MOST
TPP OSLOMEJ
HPP SPILJE
HPP GLOBOCICA
HPP VELES
HPP in VARDAR VALEY
TPP NEGOTINO
HPP TIKVES
HPP GRADEC
HPP GALISTE
HPP CEBREN
TPP BITOLA
POWER PLANTS
HYDRO PLANT
THERMAL PLANT
CURRENT PROJECT
FUTURE HYDRO
FUTURE THERMAL
TPP NEGOTINO
SUBSTATIONS
TC 400/110 kV/kV
TC 220/110 kV/kV
TC 110/X kV/kV
TRANSSMISION LINES
400 kV
220 kV
110 kV



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